



**2010  
ANNUAL REPORT**

**STATE OF TENNESSEE, DEPARTMENT OF FINANCIAL INSTITUTIONS**



State of Tennessee  
**Department of Financial Institutions**

**2010**  
**ANNUAL REPORT**

Tennessee Department of Financial Institutions  
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February 25, 2011



**Dear Governor Haslam and Citizens of the State of Tennessee:**

I am pleased to present the 36th Annual Report of the Department of Financial Institutions.

The Department regulates banks, credit unions, trust companies, business and industrial development corporations, industrial loan and thrift companies, insurance premium finance companies, mortgage lenders, brokers, servicers and originators, title pledge lenders, check cashers, deferred presentment services companies and money transmitters.

We play a vital role in regulating and supporting the financial services industry and ensuring that Tennessee financial institutions remain fiscally strong and comply with governing authority.

The Department's mission is to ensure a safe and sound system of state-chartered and licensed institutions for Tennessee citizens. The condition of the Tennessee banking system remains sound despite challenging economic times. Depository institutions remain well capitalized, profitable as a whole and innovative in their diverse offerings of products and services. Although we see consolidation within the banking industry and expect that to accelerate in 2011, total loans and assets continue to increase and the complexity and breadth of operations continues to grow. The formation of de novo banks has stopped at this time. There have been no applications for a state bank charter filed since 2007.

The Department recommends legislation in 2011 to amend the Money Transmitter Act regarding the sharing of information.

In 2008 and 2009, a great deal of media attention was placed on systemic issues in the banking industry and efforts by Congress to stabilize the financial services industry. In response, the Department initiated outreach events across the state to respond to public questions concerning the state of the Tennessee banking system. While a general economic recovery is underway, general expectations are that the recovery will be slow. Since financial institutions are, in many respects, a mirror of the local economy, we expect financial institutions to continue to deal with economic challenges. Financial institutions will also face a changing regulatory environment as federal regulatory reform is implemented.

Our experience indicates that financial literacy is one of the keys to dealing with the economic issues facing us today. The Department has initiated a number of activities in recent years. Public service announcements, workshops, consumer alerts, panel discussions and an effort to reach Tennessee teachers and students were all a part of this effort. The Department partnered with the SmartTennessee program out of the University of Memphis to reach schools throughout Tennessee, and has an ongoing relationship with the JumpStart Coalition in this regard as well.

Throughout this report you will find additional information related to the work of this agency, as well as the condition of the entities the Department regulates. As you read this report, you will notice that Tennessee remains a premier state for banking and financial services companies. On behalf of the employees of the Department, this report is respectfully submitted.

Sincerely,  
Greg Gonzales

A handwritten signature in black ink that reads "Greg Gonzales". The signature is written in a cursive, flowing style.

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## DEPARTMENT OVERVIEW



## OUR MISSION

The primary statutory mission of the Department of Financial Institutions is to provide the citizens of Tennessee with a sound system of state-chartered and licensed financial institutions by providing for and encouraging the development of depository financial institutions while restricting their activities to the extent necessary to safeguard the interests of depositors; and seeking to ensure compliance by both depository and non-depository financial institutions with governing law and regulations.

## OUR VISION

Our vision is the establishment of a regulatory program that provides for a sound state financial services system within which well-meaning institutions have the opportunity to succeed and serve their communities by encouraging commerce while there is strong enforcement of laws and regulations to protect citizens.

## WHO WE ARE

### Our History

The Department of Financial Institutions was established in 1913 and originally known as the Banking Department. At this time, the Department was headed by the Superintendent of Banks.

Ten years later, the Department gained more responsibilities as state-chartered credit unions came under its supervision.

Over the next 70 years, the Department witnessed more changes, including a final name change to the Tennessee Department of Financial Institutions, and spread regulatory oversight to include:

- Trust Companies
- Business and Industrial Development Corporations (BIDCOs)
- Industrial Loan & Thrift Companies
- Insurance Premium Finance Companies
- Mortgage Companies and Mortgage Loan Originators
- Check Cashers
- Deferred Presentment Service Companies
- Money Transmitters
- Title Loan Companies

The Department has 146 employees throughout offices in East, Middle and West Tennessee.

## DEPARTMENT OVERVIEW

## Total Number of State-Chartered Institutions

Fiscal Year June 30, 2009 vs. Fiscal Year June 30, 2010

CHARTERS	June 30, 2009	June 30, 2010
Commercial Banks/Savings Banks	160	156
Trust Companies	9	9
BIDCOs	2	2
Credit Unions	110	109
<b>TOTAL NUMBER OF CHARTERS</b>	<b>281</b>	<b>276</b>

## Total Number of Licensed or Registered Non-Depository Financial Institutions and Individuals

Fiscal Year June 30, 2009 vs. Fiscal Year June 30, 2010

LICENSEES / REGISTRANTS	June 30, 2009	June 30, 2010
Industrial Loan and Thrift Companies	985	980
Insurance Premium Finance Companies	67	59
Mortgage Companies	857	596
Mortgage Branches*	585	680
Mortgage Loan Originators	7,510	5,776
Money Transmitters	60	61
Deferred Presentment	1,358	1,276
Check Cashers	661	628
Title Pledge Lenders	768	835
<b>TOTAL NUMBER OF LICENSEES / REGISTRANTS</b>	<b>12,851</b>	<b>10,891</b>

\*TDFI began recording mortgage branches in February 2009

## Total Refunded to Consumers per Industry

LICENSEES / REGISTRANTS	TOTAL
Industrial Thrift and Loan Companies	\$161,503.72
Mortgage Companies	\$1,181,972.31
Deferred Presentment	\$87,191.89
Title Pledge Lenders	\$123,930.49
Check Cashers	\$5,871.71
<b>TOTAL REFUNDED</b>	<b>\$1,560,470.12</b>

Calendar year ending December 31, 2010

# 2010 FISCAL REVIEW

## FUNDING SOURCES

REVENUE SOURCE	AMOUNT
Appropriations-Bank Assessment Fees	\$8,557,200.00
Other Banking Fees	\$221,652.06
BIDCO's and Trust Company Fees	\$116,838.82
Credit Union Fees	\$2,197,164.95
Money Transmitter Fees	\$171,965.33
Loan Company Fees	\$776,725.00
Insurance Premium Finance Company Fees	\$25,075.00
Mortgage Company Fees	\$2,488,398.30
Deferred Presentment Fees	\$1,083,025.88
Title Pledge Lenders Fees	\$917,075.04
Check Cashers Fees	\$490,400.00
Miscellaneous	\$1,800.00
<b>TOTAL REVENUES</b>	<b>\$17,047,320.38</b>

Fiscal year ending June 30, 2010

## FISCAL NUMBERS AT A GLANCE

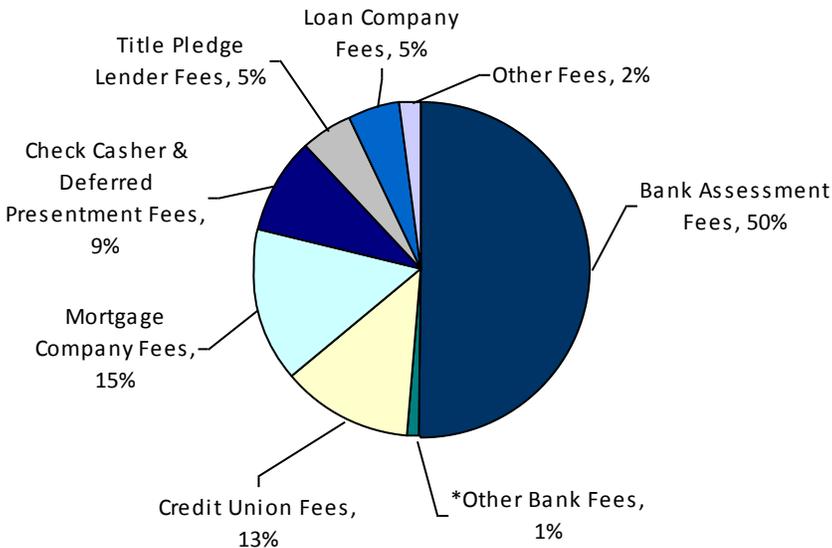
The Department of Financial Institutions receives no federal or state taxpayer funds and is fully funded by the fees assessed to the financial institutions regulated and supervised by the department.

At the end of fiscal year 2010, the Department reverted \$1,347,302.38 to the state's general fund. Most of this surplus is due to the Department having some vacant examiner positions during fiscal year 2010, resulting in savings for payroll and operational costs associated with examiner positions.

The Department's regulatory oversight includes:

- State-Chartered Banks
- State-Chartered Credit Unions
- Business and Industrial Development Corporations (BIDCOs)
- Trust Companies
- Check Cashing Companies
- Deferred Presentment Companies
- Money Transmitters
- Mortgage Companies and Mortgage Loan Originators
- Insurance Premium Finance Companies
- Title Pledge Lenders

## FUNDING SOURCES



\*Includes BIDCO and Trust Company fees, money transmitter fees, and miscellaneous revenues.

## 2010 FISCAL REVIEW

### EXPENDITURES

EXPENDITURE CLASSIFICATIONS	AMOUNT
Personal Services	\$7,814,020.34
Employee Benefits	\$2,879,336.48
<b>TOTAL PAYROLL</b>	<b>\$10,693,356.82</b>
Travel	\$972,706.22
Printing, Duplicating and Film Processing	\$15,414.84
Communication and Shipping Cost	\$49,201.45
Maintenance, Repair and Services	\$900.54
Professional and Administrative Services	\$1,245,493.67
Supplies	\$49,380.69
Rentals and Insurance	\$947,503.94
Awards and Indemnities	\$4,163.20
Grants and Subsidies	\$1,075.00
Unclassified	\$5,600.00
Training	\$64,647.32
Computer-related Items	\$94,852.51
<b>TOTAL OPERATIONAL</b>	<b>\$3,450,939.38</b>
<b>TOTAL EXPENDITURES</b>	<b>\$14,144,296.20</b>
EXCESS OF REVENUE OVER EXPENDITURES	\$2,903,024.18
REBATED TO BANKS	\$1,555,721.80
REVERTED TO THE STATE'S GENERAL FUND	\$1,347,302.38

Fiscal year ending June 30, 2010

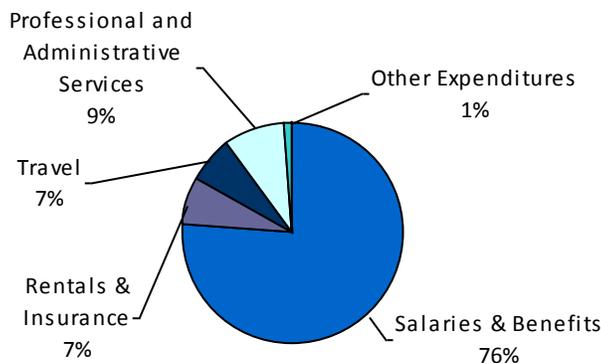
### 2010 TECHNOLOGICAL ADVANCEMENTS

In order to meet the requirements legislated by Congress in the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, we began requiring our mortgage licensees to register on the Nationwide Mortgage Licensing System (NMLS) in February 2009. The Department has acquired a business application that will replace the aging Regulatory Board System and interface with NMLS. The Department's IT personnel have been involved in planning the implementation of the new system. The initial phase of the new application (FIRST) is scheduled to begin implementation in the first quarter of 2011. The second phase of the project, which covers all remaining business functionality currently supplied by the RBS system, will begin in the 2nd quarter of 2011 with implementation currently planned in the 2nd quarter of 2012.

To provide our financial institution examiners with the technology they need to efficiently and effectively perform their job, the Department's IT personnel have started the process of upgrading the Department's operating system and office suite. We plan to upgrade our operating system from Microsoft Windows XP to Microsoft Windows 7, and to upgrade our office suite from Microsoft Office XP to Microsoft Office 2010.

The Department continued the implementation of the progressive information security plan that began implementation in Fiscal Year 2005 with a goal of continually looking for ways to minimize the risk of loss or exposure of sensitive personal and financial data, better ensure data integrity and authenticity, and facilitate compliance with state and federal laws requiring the protection of such data.

### EXPENDITURE CLASSIFICATIONS



## ADMINISTRATIVE DIVISION



## HEADQUARTERS PERSONNEL-NASHVILLE

Greg Gonzales, Commissioner

## COMMISSIONER'S OFFICE

Debbie Curry, Executive Assistant

Katie Hitt, Legislative Liaison

Herb Kraycirik, CPA, Audit Director

Joyce Simmons, CPA, Chief Regulatory Accountant

Natalie Townsend, Public Information Officer

## ADMINISTRATIVE DIVISION

Tommie Pendergrass, CPA, Acting Assistant Commissioner/Fiscal Director

Leslie Yanez, Human Resources Director

Maria Broussard, Human Resources Technician

Mary Jane Friedmann, Accountant

Johanna Thompson, Accountant

Barbara Jones, Administrative Services Assistant

Steve Asper, Information Systems Director

Robert Eddy, Information Systems Consultant

Charles Ingram, Information Resource Support Specialist

Son Nguyen, Information Resource Support Specialist

Michael Burns, Information Resource Support Specialist

Christy Beadle Adams, Analyst

Memory Barber, Administrative Services Assistant

Kayce Cawthon-Stoker, Executive Administrative Services Assistant

Nicholas Ragsdale, Administrative Services Assistant

Ashley Priest, Data Entry Operator

**T**he Administrative Division manages the Department's budget and oversees fiscal services, human resources, training and development, and information systems.

TDFI continues to work with both the Department of Human Resources and the Department of Finance and Administration to develop and improve career path with salary progression.

Training is another integral part of developing and maintaining a qualified staff. To ensure value, the Department's training needs are annually assessed and budgeted. The majority of the structured training curriculum is acquired through external training sources such as the Federal Deposit Insurance Corporation, National Credit Union Administration, Board of Governors of the Federal Reserve System, Educational Foundation of the Conference of State Bank Supervisors, National Association of State Credit Union Supervisors, Federal Financial Institutions Examination Council, National Association of Consumer Credit Administrators, Money Transmitter Regulators Association and others.

## LEGAL DIVISION

**HEADQUARTERS  
PERSONNEL-NASHVILLE**

Tina Miller, General Counsel  
 Marsha Anderson, Attorney  
 Jera Bradshaw, Attorney  
 Derek Church, Attorney  
 Eric Rogers, Attorney  
 Joseph Schmidt, Attorney  
 Paula Cagle, Legal Assistant  
 Kelley Cole, Administrative Assistant

**T**he Legal Division provides legal advice and representation for the Department. It is comprised of a general counsel, five staff attorneys, one legal assistant and an administrative assistant.

The Department's attorneys advise the commissioner and Department personnel in all legal matters affecting the Department. They work closely with regulated entities and the general public in addressing legal issues. They also work with the Governor's Office and Tennessee General Assembly on legislative issues affecting financial institutions.

The Legal Division assists in the coordination of enforcement initiatives with other federal and state regulators as well as with various law enforcement agencies. The division represents the Department in all administrative enforcement actions initiated by the various divisions in the Department.

**2010 LEGISLATION****PUBLIC CHAPTER 656**

Effective Date: July 1, 2010

Public Chapter 658 adds a new chapter 17 to Title 35 known as the "Tennessee Community Property Trust Act of 2010." This Act allows married couples to create and transfer any or all of their property to a community property trust. In creating the community property trust spouses may agree on the rights and obligations in the property transferred to the trust, the management and control of the property, the disposition of the property upon dissolution of the marriage or death, as well as the choice of law governing the interpretation of the trust. Under the Act, all property owned by the community property trust is community property during marriage and, in the event the marriage is dissolved, the community property trust terminates and the trustee of the trust distributes one half of the assets to each spouse, unless otherwise agreed to in writing by both spouses. The Act requires that at least one trustee of the community property trust must be a qualified trustee, defined as a natural person who is a resident of Tennessee or a company authorized to act as a fiduciary pursuant to Section 45-2-1001 of the Tennessee Banking Act.

**PUBLIC CHAPTER 725**

Effective Date: July 1, 2010

Public Chapter 725 revises various trust laws, including Tennessee's Uniform Principal and Income Act, Tenn. Code Ann. Section 35-6-101, et seq., Tennessee's Uniform Trust Code, Tenn. Code Ann. Section 35-15-101, et seq., and Tennessee's Investment Services Act, Tenn. Code Ann. Section 35-16-101, et seq. Public Chapter 725 also amends Tenn. Code Ann. Section 66-1-202 by removing the requirement that all beneficial interests in any trust vest or terminate or that the power of appointment is exercised within ninety years of creation and instead replaces the requirement with three hundred and sixty years. Moreover, Public Chapter 725 adds a new chapter to Title 35 which allows trusts in Tennessee to be administered as total return unitrusts instead of income trusts thereby permitting the beneficiary to receive a fixed percentage of the value of the trust rather than receiving income from an income trust. Finally, Public Chapter 725 specifically amends Section 45-2-1008 of the Tennessee Banking Act by allowing, absent written objection from the Commissioner of the Department of Financial Institutions, a bank, trust company or trust department (the "transferor") to transfer fiduciary accounts administered by that bank, trust company or trust department to another bank, trust company or trust department ("transferee") regardless of whether the transferor and transferee are "related institutions" as defined in this statute.

## LEGAL DIVISION

## PUBLIC CHAPTER 1097

Effective Date: June 23, 2010

Public Chapter 1097 amends Title 49, Chapter 7, by adding a new part known as the “Financial Literacy Program Act of 2010.” Specifically, this Act creates the Tennessee Financial Literacy Commission whose purpose is to raise funds, develop, manage and implement financial literacy education programs for elementary school students and their parents and to promote financial literacy in college savings. The commission’s board of directors consists of eleven members, including three ex officio members: the state treasurer, the commissioner of financial institutions, and the commissioner of education. The other board members include four members appointed by the speaker of the senate and four members chosen by the speaker of the house. The commission must report annually to the general assembly.

## RULEMAKING

**New Rule 0180-17 – Rules Pertaining to Mortgage Lending, Loan Servicing and Loan Brokering**

**Effective Date: 10/29/10**

Below highlights the more significant changes to Chapter 0180-17:

Rules 0180-17-.08 and 0180-17-.13 are rules promulgated as a result of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act).

*With respect to Rule 0180-17-.08, the SAFE Act requires state supervisory authorities to establish bond requirements that reflect the dollar amount of loans originated by a residential mortgage loan originator. As a result, in 2009, the Tennessee Residential Lending, Brokerage and Servicing Act (Mortgage Act) was amended to require mortgage lenders and brokers to post a surety bond in an amount reflecting the dollar amount of residential mortgage loans originated by the company, as determined by the commissioner. Thus, Rule 0180-17-.08 implements this scalable bond requirement which is applicable to all mortgage lenders and/or broker licensees upon licensure renewal and based on the dollar volume of loans originated in the previous calendar year.*

*Regarding Rule 0180-17-.13, the SAFE Act requires states to have a process in place whereby mortgage loan originators may challenge information contained in the Nationwide Mortgage Licensing System and Registry, the nationwide mortgage licensing system for the licensing of mortgage loan originators. Rule 0180-17-.13 establishes this process.*

Rule 0180-17-.10 provides for a \$25.00 fee to obtain a substitute license.

Rule 0180-17-.11 specifies the experience required for licensing by the Department as a mortgage lender, broker and/or servicer.

Rule 0180-17-.12 clarifies the requirements for all financial statements submitted to the Department.

Rule 0180-17-.14 states that a licensee must notify the Department within fifteen days of the entry of a publicly available administrative order against the licensee.

Rule 0180-17-.15 provides the time period for a licensee to maintain books and records relating to mortgage transactions.

Rule 0180-17-.16 specifies that the annual report required, pursuant to Tenn. Code Ann. Section 45-13-208, shall be submitted at the same time that the licensee submits an application for license renewal.

**New Rule 0180-32-.02 – Rules Pertaining to Industrial Loan and Thrift Companies**

**Effective Date: 5/31/10**

As indicated above, the federal SAFE Act requires state supervisory authorities to establish surety bond requirements based on the number of loans originated by a mortgage loan originator. This Rule 0180-32-.02 implements this requirement for industrial loan and thrift company registrants that make residential mortgage loans.

**The Legal Division** was heavily involved in the 2010 Legislative session by tracking bills and working closely with the Governor’s Office, General Assembly as well as other groups sponsoring legislation that impacted the Department.

It provided assistance to operating divisions on issues involving title pledge lenders, mortgage loan originator licensing, predatory lending, bank and trust company operations including interstate transactions, bank and credit union applications, money transmission, Bank Secrecy Act compliance, check cashing, deferred presentment, mortgage companies and credit union fields of membership, as well as other areas requiring legal expertise.

## BANK DIVISION

**T**he Bank Division has legal responsibility for ensuring that the Tennessee state-chartered banking system runs on a safe and sound basis. In its supervisory role, the Bank Division periodically examines the financial soundness of all state-chartered banks, savings banks and independent non-depository trust companies.

The Department met the statutory obligation of examining all institutions within a 12-month or an 18-month basis. This was accomplished through coordination with federal banking regulators.

Bank examiners perform evaluations of each institution’s assets, liabilities, income and expenses; monitor compliance with governing laws and regulations; and rate the effectiveness of the institution’s management. The adequacy of capital is assessed to ensure the protection of deposits. In addition, examiners review the Information Technology (IT) functions of state-chartered institutions for compliance with generally accepted IT practices and adherence to Departmental regulations.

Since 2005, the Bank Division has been incorporating Bank Secrecy Act (BSA) reviews into its independent examination to determine compliance with federal BSA/Anti-Money Laundering regulations. Bank Division staff also examines Business and Industrial Development Companies (BIDCOs) for compliance with governing statutes and evaluates applications for new institutions, branches, expanded financial activities and corporate reorganizations. Additionally, effective January 1, 2009, the licensing and regulation of Tennessee-licensed money transmitters became the responsibility of the Bank Division.

As a whole, our state-chartered banks are capably positioned both strategically and financially to meet new opportunities in changing economic and regulatory environments.

### HEADQUARTERS PERSONNEL-NASHVILLE

Tod Trulove, CEM, Assistant Commissioner  
 Tony Matthews, Chief Administrator  
 Justin Cary, Financial Analyst  
 Justin McClinton, Financial Analyst  
 Philip Ruffin, Financial Analyst  
 Joyce Walker, Administrative Services Assistant 1

### APPLICATIONS

Debra Grissom, Program Administrator

### TRUST

Vivian Lamb, CEM, Program Administrator

## EXAMINATION PERSONNEL

### Middle Tennessee District

Todd Rice, CEM, District Manager  
 John Hudson, CEIC, Supervisor  
 Mike Sisk, CEIC, Supervisor  
 Storm Miller, Off-Site Monitoring Supervisor, IV  
 Sherri Cassetty, CEIC, Trust Specialist, IV  
 Clyde McClaran, IT Specialist, IV  
 JoAnn Schumann, IV  
 Ekaette Udoumana, IV  
 William Cook, III  
 Alan Kirkwood, II  
 Edward Black, II  
 Chrystine Dobbs, II  
 Darnell Tate, II  
 Gerald Proby, I  
 Alisa Howard, I

### West Tennessee District

Danny Nolen, CEM, District Manager  
 Terry Warren, CEIC, Supervisor  
 Phil Stafford, CEIC, Supervisor  
 Timothy Runions, CEIC, Off-Site Monitoring Supervisor, IV  
 Roxanne Taylor, CEIC, Trust Specialist, IV  
 Jerry Davis, CEIC, IT Specialist, IV  
 Vicki Ivey, CEIC, IV  
 Robert Prather, CEIC, IV  
 Judy Morgan, COE IV  
 Toniece Johnson, COE, III  
 Grant Casselberry, II  
 Kenneth Oliver, I  
 Tara Smith, I

### East Tennessee District

Kenneth Kelley, CEM, District Manager  
 Louella McElroy, CEM, Supervisor  
 Wade McCullough, CEIC, CFE, Supervisor  
 Jonathan Piper, CEIC, Off-Site Monitoring Supervisor, IV  
 Robert Broshears, IT Specialist, IV  
 Chad Hölbert, III  
 Jessica Huff, III  
 James M. Curtis, II  
 Anthony Valentino, II  
 Jamice Lane-Washburn, I  
 Joy Seaver, I

\*Roman numerals reflect bank examiner position.

## BANK DIVISION

### BANK DIVISION APPLICATION ACTIVITIES FY 09-10

#### NEW BANKS OPEN

- There were no new bank openings in fiscal year 2009-10

#### BANK MERGERS

- Oakland Deposit Bank, Oakland, TN merged with and into Farmers Bank of Lynchburg, Lynchburg, TN under the title of Farmers Bank of Lynchburg (September 2009)
- First State Bank, Chapel Hill, TN merged with and into Farmers Bank of Lynchburg, Lynchburg, TN under the title of Farmers Bank of Lynchburg (October 2009)
- Union Bancshares of Campbell County, Inc., Jellico, TN (holding company) merged with and into Union Bank, Jellico, TN under the title of Union Bank, Jellico, TN (December 2009)
- MemphisFirst Corporation, Memphis, TN (holding company) merged with and into Landmark Community Bank, Memphis, TN under the title of Landmark Community Bank (February 2010)
- Cohutta Banking Company, Chattanooga, TN merged with and into Columbus Bank and Trust, Columbus, GA under the title of Columbus Bank and Trust which later became Synovus Bank (June 2010)
- The Bank of Nashville, Nashville, TN merged with and into Synovus Bank, Columbus, GA under the title of Synovus Bank (June 2010)
- Trust One Bank, Memphis, TN merged with and into Synovus Bank, Columbus, GA under the title of Synovus Bank (June 2010)

#### BANK CONVERSIONS

There were no bank conversions in fiscal year 2009-10

#### BIDCO TRANSACTIONS

There were no BIDCO application transactions in fiscal year 2009-10

#### NEW TRUST COMPANIES OPEN

- A Private Trust Company (March 2010)

#### TRUST COMPANY TRANSACTIONS

- Boyle Trust and Investment Company, Memphis, TN became a public trust company (April 29, 2010)
- Investment Counsel and Trust Company, Memphis, TN (October 30, 2009) acquired by Argent Financial Group, Inc., Ruston, LA. (March 17, 2010) Name changed to Argent Trust Company of Tennessee

#### MONEY TRANSMITTER TRANSACTIONS

##### NEW LICENSE ISSUED

- Google Payment Corp., Mountainview, CA, (September 2009)
- Advance Financial Money Transmission Company, Nashville, TN (September 2009)
- Official Payments Corporation, Reston, VA (December 2009)

##### VOLUNTARY CORPORATE TRANSACTIONS

- Envios El Cid, Inc., Glendale, CA – Voluntary surrender of their Tennessee money transmitter license (October 2009)
- Hodan Global Money Services, Inc., Minneapolis, MN – Voluntary surrender of their Tennessee money transmitter license (April 2010)

### BANK DIVISION INFORMATION AT A GLANCE

(AS OF JUNE 30, 2010)

#### BANK REGULATED INSTITUTIONS:

156 Banks  
2 BIDCOs  
9 Independent non-depository trust companies  
61 Money Transmitters

#### BANK DATA

##### CONSOLIDATED TOTAL ASSETS:

- \$44.2 billion, representing no change since June 30, 2009

##### CONSOLIDATED CAPITAL:

- \$4.5 billion, representing 10.28 percent of total assets

##### RETURN ON AVERAGE ASSETS (ROAA):

- Median ROAA of 0.61 percent with a median net interest margin of 3.95 percent (includes all banks)

##### ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL):

- Median ALLL to total loans and lease ratio of 1.49

##### PAST DUE RATIO:

- Median past due ratio of 3.85 percent

#### TRUST COMPANY DATA

##### TOTAL CONSOLIDATED CORPORATE ASSETS:

- \$79.6 million, representing a 5.21 percent increase compared to the same period in 2009

##### AGGREGATED NET INCOME FOR TRUST COMPANIES:

- \$1.9 million representing a 529.6 percent increase compared to the same period in 2009

##### TRUST ASSETS UNDER MANAGEMENT AND/OR CUSTODY:

- Reflect an increase of 17.1 percent from \$10.5 billion to \$12.3 billion, inclusive of assets invested in common/collective trust

NOTE: Trust Company data covers a six-month period from January 1, 2010 through June 30, 2010.

## BANK DIVISION

### UPDATE ON SENTINEL TRUST COMPANY STATUS (CURRENTLY IN LIQUIDATION)

As of June 30, 2010, the Department continued to oversee the liquidation of Sentinel Trust Company, Hohenwald, TN, subject to a Notice of Liquidation issued on June 18, 2004.

Pursuant to Tennessee Code Annotated Section 45-2-1501 et seq., former Commissioner Kevin P. Lavender took possession of Sentinel on May 18, 2004. Immediately thereafter, pursuant to Tennessee Code Annotated Section 45-2-1502(b)(2), the Commissioner issued an Order appointing a Receiver. These actions were prompted because it had been determined that the Company was engaging in unsafe and unsound fiduciary practices. These practices had caused a shortage in the fiduciary cash position for which Sentinel's capital was insufficient to cover.

On March 7, 2007, the Receiver, pursuant to Court Order, made an initial partial distribution of \$3,650,492, pro rata, to approved claimants. This represented a 37% distribution of approved claims.

In May 2009, the Receiver, pursuant to Court Order, made a second partial distribution of \$1,028,074, pro rata, to approved claimants. No decision regarding another distribution has been made pending further legal actions.

As of June 30, 2010, the Sentinel estate held corporate assets and liabilities totaling \$345,356 and \$66,328, respectively. The Receiver also held fiduciary cash and liabilities totaling \$413,627 and \$375,939, respectively.

### MONEY TRANSMITTERS

The activities of Money Transmitter companies are governed by the "Tennessee Money Transmitter Act of 1994," codified at Tennessee Code Annotated Title 45, Chapter 7. There are exemptions that apply to certain government agencies, as well as business organizations. See Tennessee Code Annotated Section 45-7-204.

### REGULATION

Effective January 1, 2009, the licensing and regulation of Tennessee-licensed money transmitters became the responsibility of the Department's Bank Division. Consequently, the Bank Division has been working to enhance its policies and

procedures to ensure that they efficiently and effectively facilitate the Department's statutory responsibility to ensure certain consumer protections as well as to help provide a good business environment for legitimate industry. The Department also continues to be an active participant in the Money Transmitter Regulatory Association to facilitate fulfillment of its responsibilities with respect to money transmission licensing and regulation.

### LICENSING

Each applicant for a license must demonstrate, and each licensee must maintain, a net worth of at least \$100,000 computed according to generally accepted accounting principles. Persons transmitting, or proposing to transmit, money shall have an additional net worth of at least \$25,000 per additional location or agent located in Tennessee, as applicable, to a maximum of \$500,000. The applicant must demonstrate such experience, character, and general fitness as to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. As of June 30, 2010, the division licensed 61 money transmitters.

### BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATION (BIDCOS)

Tennessee Code Annotated, Section 45-8-225, requires a report to be published annually that summarizes the accomplishments of the various BIDCOs operating in Tennessee. The two BIDCOs licensed during calendar year 2010 provided financing totaling \$5,548,234 to seven small businesses, preserving and/or creating an estimated 88 jobs. No loans were made to a minority-owned business, and one of these loans totaling \$1,500,000 was made to a female-owned business. The summary analysis of the number and dollar amount of loans extended to certain broad categories is detailed as follows:

CATEGORY	NUMBER	AMOUNT
Finance, Insurance and Real Estate	5	\$3,963,234
Service	2	\$1,585,000
<b>TOTAL</b>	<b>7</b>	<b>\$5,548,234</b>

## TENNESSEE STATE-CHARTERED BANKS

## CONSOLIDATED BALANCE SHEET (IN MILLIONS)

As of June 30, 2010 and June 30, 2009

	June 30, 2010	June 30, 2009	\$ Change	% Change
<b>ASSETS</b>				
Cash and Due from Banks	2323	1775	548	30.87%
Securities	7450	6853	597	8.71%
Federal Funds Sold and Securities Purchased Under Agreement to Resell	636	682	-46	-6.74%
Loans and Leases Held for Sale	504	494	10	2.02%
Loans and Leases, Net of Unearned Income	30674	32043	-1369	-4.27%
Allowance for Loan & Lease Losses	-584	-494	90	18.22%
Assets held in Trading Accounts	4	4	0	0.00%
Premises and Fixed Assets	1116	1140	-24	-2.11%
Other Real Estate Owned	573	338	235	69.53%
Investments in Unconsolidated Subsidiaries	14	15	-1	-6.67%
Intangible Assets	229	88	141	160.23%
Other Assets	1332	1326	6	0.45%
<b>TOTAL ASSETS</b>	<b>44271</b>	<b>44264</b>	<b>7</b>	<b>0.02%</b>
<b>LIABILITIES</b>				
Non-Interest Bearing Deposits	3492	3291	201	6.11%
Interest Bearing Deposits	33792	33404	388	1.16%
<b>TOTAL DEPOSITS</b>	<b>37284</b>	<b>36695</b>	<b>589</b>	<b>1.61%</b>
Federal Funds Purchased and Securities Sold Under Repurchase Agreement	388	475	-87	-18.32%
Trading Liabilities	0	0	0	
Other Borrowed Money	1746	2298	-552	-24.02%
Other Liabilities	294	337	-43	-12.76%
<b>TOTAL LIABILITIES</b>	<b>39712</b>	<b>39805</b>	<b>-93</b>	<b>-0.23%</b>
Minority Interests in Consolidated Subsidiaries	7	7	0	0.00%
<b>EQUITY CAPITAL</b>				
Preferred Stock	40	30	10	33.33%
Common Stock	283	314	-31	-9.87%
Surplus	2502	2584	-82	-3.17%
Undivided Profits	1615	1521	94	6.18%
Accumulated Other Comprehensive Income	100	9	91	1011.11%
Other Equity Capital Components	12	-6	18	300.00%
<b>TOTAL EQUITY CAPITAL</b>	<b>4552</b>	<b>4452</b>	<b>100</b>	<b>2.25%</b>
<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>	<b>44271</b>	<b>44264</b>	<b>7</b>	<b>0.02%</b>

## TENNESSEE STATE-CHARTERED BANKS

## CONSOLIDATED INCOME STATEMENT (IN MILLIONS)

Six months ending June 30, 2010 and June 30, 2009

	June 30, 2010	June 30, 2009
Interest Income	1,110	1,171
Interest Expense	331	448
<b>NET INTEREST INCOME</b>	<b>779</b>	<b>723</b>
Non-Interest Income	165	167
Non-Interest Expense	673	812
Provision for Loan Losses	164	201
Securities Gains/Losses	24	10
<b>Pre-Tax Net Income</b>	<b>131</b>	<b>-113</b>
Applicable Income Taxes	49	3
<b>NET OPERATING INCOME</b>	<b>82</b>	<b>-116</b>
Extraordinary Gains/Losses	0	0
<b>NET INCOME</b>	<b>82</b>	<b>-116</b>
<b>TOTAL CASH DIVIDENDS</b>	<b>48</b>	<b>49</b>

## TENNESSEE STATE-CHARTERED BANKS

## SUMMARY OF INDIVIDUAL BANKS (IN THOUSANDS)

City	Institution	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
		Cash	Invest	Total Loans	Loan Loss Reserve	Other Assets	Total Assets	Deposits	Other Liabilities	MIUS	Capital	Net Income
ADAMSVILLE	Farmers & Merchants Bank	3589	9897	15172	256	1649	30051	24541	1857	0	3653	-261
ASHLAND CITY	Community Bank & Trust	4562	50966	146720	1882	18950	219316	183436	13541	0	22339	933
ATHENS	SouthEast Bank & Trust	24409	17930	214035	3153	19157	272378	240068	11114	0	21196	720
ATWOOD	Citizens Bank & Trust Company	966	8601	14331	81	849	24666	22375	137	0	2154	134
BARTLETT	Bank of Bartlett	14355	105974	238990	8280	46122	397161	324905	44977	237	27279	842
BELLS	Bank of Crockett	6621	60796	45075	987	6805	118310	102634	1321	0	14355	788
BOLIVAR	Merchants & Planters Bank	5000	20021	60548	691	8699	93577	78368	5250	0	9959	150
BRENTWOOD	Reliant Bank	18111	24521	327466	5884	22791	387005	332882	16757	0	37366	352
BRIGHTON	Brighton Bank	4948	16188	51060	651	7592	79137	69731	2860	0	6546	-104
BROWNSVILLE	INSOUTH Bank	24788	63075	246843	7751	24525	351480	325075	2225	1212	24180	-1829
BYRDSTOWN	People's Bank and Trust Company of Pickett County	5449	13959	101941	2206	9447	128590	114514	2735	0	11341	132
CAMDEN	Bank of Camden	2953	35592	112901	2328	22853	171971	124681	18833	0	28457	1028
CARTHAGE	Citizens Bank	15964	216252	258516	2684	15708	503756	422133	2030	57	79593	5175
CHATTANOOGA	First Volunteer Bank of Tennessee	62610	54400	493195	6053	52481	656633	577996	13172	0	65465	2291
CHATTANOOGA	Cornerstone Community Bank	43691	129725	318796	6967	35312	520557	401596	87389	0	31572	593
CHATTANOOGA	CapitalMark Bank & Trust	9050	75443	319877	5396	15463	414437	353796	14872	0	45769	1516
CLARKSVILLE	F&M Bank	12471	73938	652106	5642	69639	802512	661069	73969	0	60084	3157
CLARKSVILLE	Legends Bank	8190	102925	194288	2736	16051	318718	249970	39084	0	29664	1034
CLARKSVILLE	Cumberland Bank and Trust	7524	10070	113989	1052	7885	138416	120076	7370	0	10970	611
CLEVELAND	Bank of Cleveland	14002	59	224918	4400	15510	250089	212901	5865	0	31323	1973
CLEVELAND	Southern Heritage Bank	3499	47642	150311	3785	12178	209845	183848	1855	0	24142	670
CLIFTON	Peoples Bank	5907	11779	100754	1847	11957	128550	110132	7148	127	11270	383
CLINTON	The Community Bank of East Tennessee	9560	13134	44292	968	4659	70677	60459	3113	0	7105	-597
COLLIERVILLE	BankTennessee	5244	30821	195091	3814	26707	254049	220352	8456	0	25241	1029
COLLIERVILLE	Landmark Community Bank	16905	62688	154990	1914	7482	240151	187826	29877	0	21694	597
COLUMBIA	First Farmers and Merchants Bank	19323	276674	574133	9337	79445	940238	787914	46975	0	105254	3139
COLUMBIA	Community First Bank & Trust	24952	71786	528304	13700	59086	670428	577453	30045	2104	62842	340
COLUMBIA	Heritage Bank & Trust	4848	9248	115806	2576	10221	137547	121881	3538	0	12128	4
COOKEVILLE	Bank of Putnam County	57113	97145	175052	1800	14094	341604	310317	5344	0	25943	1635
COOKEVILLE	Putnam 1st Mercantile Bank	884	11639	63408	938	6566	81559	71023	406	67	10130	303
CORDOVA	First Alliance Bank	8881	13518	105291	3210	10101	134581	107166	15789	0	11626	-333
CROSSVILLE	Cumberland County Bank	35833	61334	137773	1652	14841	248129	227614	2311	0	18204	1010
DECATURVILLE	Decatur County Bank	2066	25231	50515	670	6904	84046	68372	6512	0	9162	60
DECHERD	Franklin County United Bank	5481	13124	74412	2245	7707	98479	86744	209	0	11526	-549
DICKSON	Bank of Dickson	11835	65272	101777	1903	7601	184582	151472	7249	0	25861	735
DICKSON	TriStar Bank	4575	42874	89389	1301	11850	147387	117632	15817	0	13938	721
DUNLAP	Mountain Valley Bank	6732	13072	72069	1501	5870	96242	87725	441	0	8076	71
DUNLAP	Citizens Tri-County Bank	33905	114039	320789	7145	49008	510596	454844	4109	0	51643	2486
DYER	The Farmers & Merchants Bank	2707	41351	39667	299	6783	90209	72438	8580	468	9191	239
ELIZABETHTON	Citizens Bank	20835	115113	439082	6925	29746	597851	493689	29911	3022	74251	3011
ELIZABETHTON	Carter County Bank of Elizabethton, Tennessee	5103	51742	212543	3822	18014	283580	224931	34744	0	23905	1326
ERIN	Traditions First Bank	2947	17592	68633	868	5741	94045	79530	5280	0	9235	291
ERWIN	Mountain Commerce Bank	17944	33924	256968	4679	28896	333053	288150	13040	0	31863	532
FAYETTEVILLE	Bank of Lincoln County	8247	24308	100614	1635	16952	148486	133165	1086	0	14235	311
FRANKEWING	Bank of Frankewing	36326	18156	149746	3437	15109	215900	180829	15212	0	19859	548
FRANKLIN	Tennessee Commerce Bank	9013	103997	1197059	20346	90535	1380258	1244551	13697	0	122010	4998
FRANKLIN	Franklin Synergy Bank	5775	105685	184408	2930	11527	304465	261382	10296	0	32787	755
GALLATIN	Sumner Bank & Trust	4949	35136	84139	1070	6346	129500	105926	12404	0	11170	212

## TENNESSEE STATE-CHARTERED BANKS

## SUMMARY OF INDIVIDUAL BANKS (IN THOUSANDS)

City	Institution	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
		Cash	Invest	Total Loans	Loan Loss Reserve	Other Assets	Total Assets	Deposits	Other Liabilities	MIUS	Capital	Net Income
GATES	Gates Banking and Trust Company	1424	22348	14603	308	2057	40124	34828	796	0	4501	250
GERMANTOWN	First Capital Bank	931	38309	135810	3060	11173	183163	139297	20442	0	23424	262
GERMANTOWN	Triumph Bank	10015	30779	169749	2408	7553	215688	191958	3685	0	20045	715
GLEASON	Bank of Gleason	3875	58038	45437	1350	3721	109721	90062	495	0	19164	696
GREENEVILLE	GreenBank	207411	178480	1929004	50049	261020	2525866	2005670	205015	0	315181	6986
GREENEVILLE	Andrew Johnson Bank	9494	10454	231733	2646	12559	261594	238731	1208	0	21655	844
GREENEVILLE	American Patriot Bank	4820	6285	86063	2819	13622	107971	99886	4206	0	4118	-450
GREENEVILLE	Heritage Community Bank	6321	13502	93069	1976	12657	123573	106882	7408	0	9283	481
GREENFIELD	Greenfield Banking Company	2002	10061	36637	399	1919	50220	40706	3495	0	6019	127
HALLS	Bank of Halls	2946	30006	26335	373	3812	62726	53697	1656	0	7373	352
HALLS	The Lauderdale County Bank	4415	12337	22946	231	2245	41712	36924	685	0	4103	137
HARROGATE	Commercial Bank	27314	109610	587075	10770	92559	805788	633268	84287	0	88233	3078
HARTSVILLE	Citizens Bank	3769	23954	106687	1258	7403	140555	127837	441	0	12277	497
HENDERSON	Chester County Bank	6030	17610	26721	488	1573	51446	44257	2179	0	5010	266
HENDERSONVILLE	American Security Bank and Trust Company	5699	31246	123175	1853	10119	168386	134479	12680	0	21227	-205
HUNTINGDON	Carroll Bank and Trust	11628	60007	147138	1213	20386	237946	212995	2311	0	22640	707
JACKSON	First South Bank	36489	91371	276929	4029	32116	432876	355050	30643	0	47183	2006
JACKSON	The Bank of Jackson	5392	36804	80518	1471	7485	128728	105308	8441	0	14979	333
JAMESTOWN	Union Bank	6070	39375	109274	1156	18929	172492	150649	1429	0	20413	664
JAMESTOWN	COMMUNITY BANK OF THE CUMBERLANDS	10752	24622	83959	1576	21159	138916	112481	1987	5	24448	555
JASPER	Citizens State Bank	4432	5966	47839	405	6200	64032	55654	3230	0	5148	264
JEFFERSON CITY	First Peoples Bank of Tennessee	5693	21368	91351	861	8736	126287	109258	8296	0	8733	-422
JELICO	Union Bank	3429	14049	39582	425	3905	60540	52316	713	0	7512	501
KINGSPORT	Bank of Tennessee	46178	71671	471381	6557	65476	648149	505482	86672	3182	55995	3036
KINGSPORT	TriSummit Bank	5409	136028	119859	1467	19357	279186	211490	37312	1	30384	-56
KNOXVILLE	Clayton Bank and Trust	7574	82172	527298	14797	34961	637208	522909	41113	0	73186	3597
KNOXVILLE	BankEast	10580	12757	216791	6979	46838	279987	261406	1113	0	17468	-5114
KNOXVILLE	American Trust Bank of East Tennessee	5249	38369	80185	2286	6405	127922	106144	7869	0	13909	571
LA FOLLETTE	Peoples Bank of the South	5265	11152	125965	1643	9434	150173	122880	8290	0	19003	846
LAFAYETTE	Citizens Bank of Lafayette	9673	175700	207343	3051	21696	411361	356543	17239	95	37579	1717
LAFAYETTE	Macon Bank and Trust Company	13967	155903	130180	1749	14095	312396	273542	3133	0	35721	1356
LEBANON	Wilson Bank and Trust	28992	324782	1107671	21487	74322	1514280	1362873	11927	0	139480	4376
LEBANON	CedarStone Bank	1972	27532	110961	1875	9630	148220	117696	17711	0	12813	304
LEBANON	First Freedom Bank	34572	19689	169380	3000	14522	235163	201395	4899	0	28869	501
LEWISBURG	First Commerce Bank	17669	67440	152181	1860	16366	251796	212276	17937	0	21583	1094
LEXINGTON	First Bank	96042	580260	1480756	51129	163556	2269485	1925035	100258	0	238194	-10151
LEXINGTON	Community Bank	2061	20121	64053	682	4858	90411	72259	9589	0	8563	539
LIBERTY	Liberty State Bank	10821	34774	86775	1434	6870	137806	122530	2044	111	13232	420
LIVINGSTON	Union Bank & Trust Company	4001	23752	49301	790	2879	79143	70157	532	414	8454	875
LIVINGSTON	American Bank & Trust of the Cumberlands	6297	11751	96098	1282	6894	119758	109000	1255	0	9503	47
LOBELVILLE	Bank of Perry County	8037	11087	107273	1457	9575	134515	106541	14454	119	13520	1296
LYNCHBURG	The Farmers Bank of Lynchburg	22943	14541	140240	3125	36152	210751	182285	908	0	27558	-394
MADISONVILLE	Peoples Bank of East Tennessee	13441	19759	126019	1812	15649	173056	153089	4265	0	15702	297
MANCHESTER	Peoples Bank & Trust Company	1601	19030	48772	599	7712	76516	61424	6692	0	8400	235
MANCHESTER	Coffee County Bank	5638	12649	97486	2063	9654	123364	103216	8167	0	11981	528
MARYVILLE	Citizens Bank of Blount County	52731	47531	222046	7289	17952	332971	269270	10833	0	52868	131
MARYVILLE	Foothills Bank & Trust	3632	32318	79832	1037	6718	121463	96058	8326	0	17079	67
MASON	Trust Company Bank	8464	3187	15168	159	3494	30154	24128	914	0	5112	-94
MC KENZIE	McKenzie Banking Company	52832	664	56503	1640	4671	113030	97878	775	0	14377	857

## TENNESSEE STATE-CHARTERED BANKS

## SUMMARY OF INDIVIDUAL BANKS (IN THOUSANDS)

City	Institution	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	
		Cash	Invest	Total Loans	Loan Loss Reserve	Other Assets	Total Assets	Deposits	Other Liabilities	MIUS	Capital	Net Income
MC MINNVILLE	Security Federal Savings Bank of McMinnville	11555	14453	116248	1195	8019	149080	117766	17857	0	13457	408
MC MINNVILLE	Homeland Community Bank	5462	17066	79723	874	5765	107142	92115	3659	0	11368	516
MEDINA	Medina Banking Co.	3649	20574	11935	194	768	36732	30256	207	0	6269	149
MEMPHIS	Tri-State Bank of Memphis	12033	25861	84231	1407	4972	125690	103082	4749	0	17859	98
MEMPHIS	Independent Bank	27843	31855	689544	7666	41689	783265	686540	18471	0	68254	3730
MILAN	The Bank of Milan	1216	22375	34279	401	3647	61116	52416	2680	0	6020	289
MILLINGTON	Patriot Bank	6827	46614	149913	2532	18272	219094	185779	13893	0	19422	938
MORRISTOWN	Jefferson Federal Bank	64233	67987	445180	9649	63506	631257	479351	92257	0	59649	-23987
MOSCOW	The Bank of Fayette County	11362	53602	219246	3112	16788	297886	230352	41903	0	25631	638
MOUNTAIN CITY	Farmers State Bank	2843	31978	89613	2117	12068	134385	107513	6616	0	20256	301
MOUNTAIN CITY	Johnson County Bank	13979	11807	84127	1304	8674	117283	92263	10295	0	14725	648
MURFREESBORO	MidSouth Bank	16449	39290	179858	7192	14918	243323	214789	5015	0	23519	554
NASHVILLE	Avenue Bank	16133	103495	357446	5153	43727	515648	399720	65490	0	50438	286
NASHVILLE	Citizens Savings Bank and Trust Company	12968	9523	60488	852	1916	84043	72654	3373	0	8016	218
NASHVILLE	InsBank	8963	25133	102913	3000	4856	138865	93178	32775	0	12912	-710
NASHVILLE	Nashville Bank and Trust Company	36981	10995	163603	2191	3256	212644	180340	10432	0	21872	464
NASHVILLE	Civic Bank & Trust	3785	37987	82515	2685	5232	126834	103840	9563	0	13431	102
NASHVILLE	CapStar Bank	39521	111297	245233	4213	8776	400614	322630	9251	0	68733	-2729
NEW TAZEVELL	Citizens Bank	4052	38907	103590	1393	8219	153375	139507	597	0	13271	248
NEWBERN	Security Bank	7674	67719	75070	1263	13808	163008	126422	17698	0	18888	759
NOLENSVILLE	Peoples State Bank of Commerce	17881	45894	204798	2077	33066	299562	239392	27282	0	32888	148
OAK RIDGE	TNBANK	14768	35421	121803	1710	16568	186850	143839	25122	0	17889	-719
ONEIDA	First Trust and Savings Bank, Oneida,	6791	16155	115240	1685	6525	143026	119388	9534	0	14104	772
OOLTEWAH	Community Trust & Banking Company	11401	14106	115124	3122	11353	148862	132286	4856	0	11720	-3444
PARIS	Commercial Bank & Trust Co.	11425	132354	435356	7592	36698	608241	531705	17289	0	57247	3757
PARIS	Security Bank and Trust Company	44221	12115	108278	696	8696	172614	138920	18271	0	15423	2025
PARSONS	Farmers Bank	3144	12222	20525	370	2149	37670	33264	328	0	4078	-250
PARSONS	Community South Bank	34423	18983	576231	6821	58097	680913	598158	23153	101	59602	2082
PIGEON FORGE	Tennessee State Bank	65814	141991	538250	12884	63516	796687	691918	44654	0	60115	2832
PIGEON FORGE	SmartBank	23578	32302	232393	3022	12019	297270	254139	11537	0	31594	407
PORTLAND	The Farmers Bank	10912	129748	358511	4271	24109	519009	435140	33017	1461	50852	2197
PORTLAND	Volunteer State Bank	8071	27909	270259	3386	25771	328624	282594	17901	0	28129	2436
RIPLEY	Bank of Ripley	4939	76091	85707	858	13275	179154	150071	1076	0	28007	460
ROGERSVILLE	The Citizens Bank of East Tennessee	2871	16690	112135	2164	10377	139909	120190	8141	0	11578	-154
ROGERSVILLE	First Community Bank of East Tennessee	21976	23805	166866	3591	21280	230336	174519	30593	0	25224	166
RUTLEDGE	Citizens Bank and Trust Company of Grainger	4559	77632	75133	1070	11158	167412	136199	1624	0	29589	1139
SARDIS	The Peoples Bank	2403	30290	36363	412	5055	73699	67239	985	0	5475	203
SAVANNAH	The Hardin County Bank	10632	37400	255603	2759	25852	326728	281996	20702	98	24030	1659
SAVANNAH	Central Bank	5760	14960	129543	1442	10581	159402	130063	14460	0	14777	390
SELMER	Home Banking Company	2881	19993	37229	492	4957	64568	57245	780	0	6543	253
SEVIERVILLE	Sevier County Bank	5596	74193	244691	4883	70241	389838	347487	1973	0	40378	504
SHELBYVILLE	First Community Bank of Bedford County	7586	69226	189379	2061	24925	289055	205995	47439	0	35621	2557
SHELBYVILLE	PEOPLES BANK OF BEDFORD COUNTY	1497	24230	69472	837	7242	101604	90774	836	0	9993	312
SOMERVILLE	The Somerville Bank & Trust Company	4731	64151	102721	1289	10824	181138	159399	830	0	20910	1158
SPENCER	Citizens Bank of Spencer, Tenn.	1652	11639	28181	925	2797	43344	40911	296	0	2137	-943
SPRING CITY	First Bank of Tennessee	14333	16090	187140	2718	14104	228949	203995	5050	909	19904	1275
SPRINGFIELD	Commerce Union Bank	19562	41183	104816	1406	8557	172712	123401	17766	0	31546	344
TAZEVELL	First Century Bank	35150	58802	176176	4106	24126	290148	254537	6243	0	29368	486

## TENNESSEE STATE-CHARTERED BANKS

## SUMMARY OF INDIVIDUAL BANKS (IN THOUSANDS)

City	Institution	(A) Cash	(B) Invest	(C) Total Loans	(D) Loan Loss Reserve	(E) Other Assets	Total Assets	(F) Deposits	(G) Other Liabilities	(H) MIUS	(I) Capital	(J) Net Income
TREZEVANT	Farmer's and Merchants Bank	5786	9196	185319	1838	16841	215304	184224	12075	0	19005	627
TULLAHOMA	American City Bank of Tullahoma	4559	36357	168613	2068	19557	227018	176945	14836	0	35237	1135
TULLAHOMA	The Bank of Tullahoma	2910	28698	68264	686	5265	104451	84037	5219	0	15195	664
TULLAHOMA	First Vision Bank of Tennessee	5585	14649	88300	941	9023	116616	96171	5137	0	15308	217
UNION CITY	First State Bank	26067	361731	994074	19542	102805	1465135	1258917	68701	10	137417	2762
UNION CITY	Reelfoot Bank	8124	37761	86379	1191	11623	142696	126555	2752	0	13390	299
WARTBURG	Citizens First Bank	10430	23120	115134	1142	14278	161820	145022	5043	73	11755	265
WAYNESBORO	The Bank of Waynesboro	14989	13946	108077	2370	10090	144732	127294	1039	0	16399	735
WAYNESBORO	Wayne County Bank	12277	11616	219946	7575	26031	262295	219204	14584	321	28507	1093
WINCHESTER	Citizens Community Bank	9238	19984	128314	2131	13285	168690	141360	9689	0	17641	776
WOODLAND MILLS	The Farmers Bank, Woodland Mills, Tennessee	869	5891	4225	108	237	11114	9042	20	0	2052	-15
<b>TOTAL</b>		2323553	8086598	31178256	584404	3267887	44271890	37283859	2426371	14194	4535375	82217

(A) Cash - Includes currency/coin, both interest-bearing and non-interest bearing balances due from depository institutions

(B) Investments – Investments owned: Includes securities, federal funds sold, , and securities purchased under agreements to resell

(C) Total Loans – Includes all loans and lease financing receivables, net of unearned income

(D) Loan Loss Reserve – Allowance for Loan and Lease Losses

(E) Other Assets – Includes premises and fixed assets, trading assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customer's liability to bank on acceptances outstanding, intangible assets, and assets not reportable elsewhere.

(F) Total Deposits – Includes all interest bearing and non-interest bearing customer deposits held.

(G) Other Liabilities – Includes federal funds purchased, securities sold under agreements to repurchase, demand notes issued to U.S. Treasury, mortgage indebtedness, obligations under capital leases, bank's liability on acceptances outstanding, and all other liabilities

(H) Minority Interest in Unconsolidated Subsidiaries

(I) Equity Capital – Includes preferred stock, common stock, surplus, undivided profits, and accumulated other comprehensive income

(J) Net Income – Income earned after all expenses, taxes, and extraordinary items

## TENNESSEE STATE-CHARTERED BANKS

## KEY BANK RATIOS AS OF JUNE 30, 2010

CITY	INSTITUTION	NET INCOME TO AVG TOTAL ASSETS RATIO	NET LOANS TO ASSETS RATIO	ALLOWANCE FOR LOAN LOSSES RATIO	CORE CAPITAL (LEVERAGE) RATIO	NET LOANS TO DEPOSITS RATIO	NET INCOME TO AVG TOTAL EQUITY RATIO
ADAMSVILLE	Farmers & Merchants Bank	-1.71	49.64	1.69	11.18	60.78	-13.83
ASHLAND CITY	Community Bank & Trust	0.86	66.04	1.28	9.27	78.96	8.57
ATHENS	SouthEast Bank & Trust	0.52	77.42	1.47	7.28	87.84	6.93
ATWOOD	Citizens Bank & Trust Company	1.07	57.77	0.57	8.58	63.69	12.7
BARTLETT	Bank of Bartlett	0.41	58.09	3.46	4.65	71.01	6.33
BELLS	Bank of Crockett	1.36	37.26	2.19	10.89	42.96	11.36
BOLIVAR	Merchants & Planters Bank	0.32	63.97	1.14	10.31	76.38	3.05
BRENTWOOD	Reliant Bank	0.18	83.1	1.8	9.22	96.61	1.93
BRIGHTON	Brighton Bank	-0.28	63.7	1.28	8.37	72.29	-3.16
BROWNSVILLE	INSOUTH Bank	-0.99	68.02	3.14	6.35	73.55	-14.4
BYRDSTOWN	People's Bank and Trust Company of Pickett County	0.21	77.56	2.16	8.8	87.09	2.34
CAMDEN	Bank of Camden	1.23	64.3	2.06	10.79	88.68	7.35
CARTHAGE	Citizens Bank	2.06	50.78	1.04	15.68	60.6	13.07
CHATTANOOGA	First Volunteer Bank of Tennessee	0.7	74.19	1.23	8.75	84.28	7.02
CHATTANOOGA	Cornerstone Community Bank	0.22	59.9	2.19	5.78	77.65	3.87
CHATTANOOGA	CapitalMark Bank & Trust	0.76	75.88	1.69	11.11	88.89	7.06
CLARKSVILLE	F&M Bank	0.8	80.56	0.87	8.34	97.79	10.81
CLARKSVILLE	Legends Bank	0.64	60.1	1.41	9.23	76.63	7.12
CLARKSVILLE	Cumberland Bank and Trust	0.89	81.59	0.92	7.86	94.05	11.58
CLEVELAND	Bank of Cleveland	1.56	88.18	1.96	12.54	103.58	12.8
CLEVELAND	Southern Heritage Bank	0.63	69.83	2.52	10.93	79.7	5.68
CLIFTON	Peoples Bank	0.6	76.94	1.83	8.75	89.81	6.95
CLINTON	The Community Bank of East Tennessee	-1.61	61.3	2.19	9.86	71.66	-16.14
COLLIERVILLE	BankTennessee	0.77	75.29	1.96	8.54	86.81	8.23
COLLIERVILLE	Landmark Community Bank	0.57	63.74	1.23	9.43	81.5	6.16
COLUMBIA	First Farmers and Merchants Bank	0.66	60.07	1.63	10.08	71.68	6
COLUMBIA	Community First Bank & Trust	0.1	76.76	2.59	8.36	89.12	1.08
COLUMBIA	Heritage Bank & Trust	0.01	82.32	2.22	8.6	92.9	0.07
COOKEVILLE	Bank of Putnam County	0.97	50.72	1.03	7.74	55.83	12.74
COOKEVILLE	Putnam 1st Mercantile Bank	0.73	76.59	1.48	11.95	87.96	6.15
CORDOVA	First Alliance Bank	-0.49	75.85	3.05	8.14	95.26	-5.59
CROSSVILLE	Cumberland County Bank	0.83	54.86	1.2	7.38	59.8	11.22
DECATURVILLE	Decatur County Bank	0.14	59.31	1.33	11.22	72.9	1.41
DECHERD	Franklin County United Bank	-1.12	73.28	3.02	11.6	83.2	-9.26
DICKSON	Bank of Dickson	0.81	54.11	1.87	13.21	65.94	5.77
DICKSON	TriStar Bank	0.99	59.77	1.46	9.23	74.88	10.72
DUNLAP	Mountain Valley Bank	0.15	73.32	2.08	8.27	80.44	1.78
DUNLAP	Citizens Tri-County Bank	0.97	61.43	2.23	8.57	68.96	9.82
DYER	The Farmers & Merchants Bank	0.54	43.64	0.75	8.73	54.35	5.69
ELIZABETHTON	Citizens Bank	1.01	72.29	1.58	11.91	87.54	8.37
ELIZABETHTON	Carter County Bank of Elizabethton, Tennessee	0.93	73.6	1.8	8.26	92.79	11.28
ERIN	Traditions First Bank	0.64	72.06	1.26	9.9	85.21	6.47
ERWIN	Mountain Commerce Bank	0.32	75.75	1.82	9.23	87.55	3.39
FAYETTEVILLE	Bank of Lincoln County	0.4	66.66	1.63	8.89	74.33	4.43
FRANKEWING	Bank of Frankewing	0.51	67.77	2.3	9.14	80.91	5.64
FRANKLIN	Tennessee Commerce Bank	0.73	85.25	1.7	8.93	94.55	8.41
FRANKLIN	Franklin Synergy Bank	0.53	59.61	1.59	10.54	69.43	4.92
GALLATIN	Sumner Bank & Trust	0.34	64.15	1.27	8.31	78.42	3.95

## TENNESSEE STATE-CHARTERED BANKS

## KEY BANK RATIOS AS OF JUNE 30, 2010

CITY	INSTITUTION	NET INCOME TO AVG TOTAL ASSETS RATIO	NET LOANS TO ASSETS RATIO	ALLOWANCE FOR LOAN LOSSES RATIO	CORE CAPITAL (LEVERAGE) RATIO	NET LOANS TO DEPOSITS RATIO	NET INCOME TO AVG TOTAL EQUITY RATIO
GATES	Gates Banking and Trust Company	1.24	35.63	2.11	9.89	41.04	11.55
GERMANTOWN	First Capital Bank	0.28	72.48	2.25	12.6	95.3	2.27
GERMANTOWN	Triumph Bank	0.68	77.58	1.42	9.57	87.18	7.77
GLEASON	Bank of Gleason	1.34	40.18	2.97	16.97	48.95	7.41
GREENEVILLE	GreenBank	0.55	74.39	2.59	11.86	93.68	4.47
GREENEVILLE	Andrew Johnson Bank	0.66	87.57	1.14	8.29	95.96	7.89
GREENEVILLE	American Patriot Bank	-2.26	77.15	3	3.52	83.58	-60.36
GREENEVILLE	Heritage Community Bank	0.77	73.72	2.12	7.21	85.23	10.58
GREENFIELD	Greenfield Banking Company	0.5	72.16	1.09	11.96	89.02	4.25
HALLS	Bank of Halls	1.1	41.39	1.42	10.71	48.35	9.89
HALLS	The Lauderdale County Bank	0.64	54.46	1.01	9.04	61.52	6.93
HARROGATE	Commercial Bank	0.76	71.52	1.83	8.73	91	7.09
HARTSVILLE	Citizens Bank	0.72	75.01	1.18	8.62	82.47	8.34
HENDERSON	Chester County Bank	1.07	50.99	1.83	9.23	59.27	10.91
HENDERSONVILLE	American Security Bank and Trust Company	-0.24	72.05	1.5	12.32	90.22	-1.91
HUNTINGDON	Carroll Bank and Trust	0.6	61.33	0.82	8.73	68.51	6.36
JACKSON	First South Bank	0.93	63.04	1.45	8.74	76.86	8.61
JACKSON	The Bank of Jackson	0.53	61.41	1.83	11.02	75.06	4.5
JAMESTOWN	Union Bank	0.79	62.68	1.06	11.72	71.77	6.56
JAMESTOWN	COMMUNITY BANK OF THE CUMBERLANDS	0.79	59.3	1.88	9.75	73.24	4.62
JASPER	Citizens State Bank	0.81	74.08	0.85	7.83	85.23	10.44
JEFFERSON CITY	First Peoples Bank of Tennessee	-0.67	71.65	0.94	6.58	82.82	-9.78
JELICO	Union Bank	1.67	64.68	1.07	11.98	74.85	13.37
KINGSPORT	Bank of Tennessee	0.95	71.72	1.39	8.32	91.96	10.95
KINGSPORT	TriSummit Bank	-0.04	42.41	1.22	10.29	55.98	-0.39
KNOXVILLE	Clayton Bank and Trust	1.17	80.43	2.81	11.44	98.01	10.14
KNOXVILLE	BankEast	-3.45	74.94	3.22	4.63	80.26	-50.06
KNOXVILLE	American Trust Bank of East Tennessee	0.89	60.9	2.85	10.62	73.39	8.38
LA FOLLETTE	Peoples Bank of the South	1.14	82.79	1.3	12.56	101.17	8.96
LAFAYETTE	Citizens Bank of Lafayette	0.84	49.66	1.47	8.24	57.3	9.49
LAFAYETTE	Macon Bank and Trust Company	0.88	41.11	1.34	10.89	46.95	7.73
LEBANON	Wilson Bank and Trust	0.58	71.73	1.94	8.85	79.7	6.31
LEBANON	CedarStone Bank	0.41	73.6	1.69	8.39	92.68	4.81
LEBANON	First Freedom Bank	0.45	70.75	1.77	12.29	82.61	3.5
LEWISBURG	First Commerce Bank	0.9	59.7	1.22	8.33	70.81	10.42
LEXINGTON	First Bank	-0.88	62.99	3.45	7.15	74.27	-8.98
LEXINGTON	Community Bank	1.23	70.09	1.06	9.32	87.7	13.12
LIBERTY	Liberty State Bank	0.63	61.93	1.65	9.47	69.65	6.42
LIVINGSTON	Union Bank & Trust Company	2.16	61.3	1.6	9.72	69.15	22.06
LIVINGSTON	American Bank & Trust of the Cumberlands	0.08	79.17	1.33	8.01	86.99	1.04
LOBELVILLE	Bank of Perry County	1.91	78.66	1.36	9.96	99.32	19.47
LYNCHBURG	The Farmers Bank of Lynchburg	-0.37	65.06	2.23	6.84	75.22	-2.87
MADISONVILLE	Peoples Bank of East Tennessee	0.35	71.77	1.44	8.88	81.13	3.83
MANCHESTER	Peoples Bank & Trust Company	0.6	62.96	1.23	10.56	78.43	5.7
MANCHESTER	Coffee County Bank	0.84	77.35	2.12	9.43	92.45	9.01
MARYVILLE	Citizens Bank of Blount County	0.08	64.5	3.28	15.36	79.76	0.5
MARYVILLE	Foothills Bank & Trust	0.12	64.87	1.3	14.16	82.03	0.8

## TENNESSEE STATE-CHARTERED BANKS

## KEY BANK RATIOS AS OF JUNE 30, 2010

CITY	INSTITUTION	NET INCOME TO AVG TOTAL ASSETS RATIO	NET LOANS TO ASSETS RATIO	ALLOWANCE FOR LOAN LOSSES RATIO	CORE CAPITAL (LEVERAGE) RATIO	NET LOANS TO DEPOSITS RATIO	NET INCOME TO AVG TOTAL EQUITY RATIO
MASON	Trust Company Bank	-0.76	49.77	1.05	14.15	62.21	-3.65
MC KENZIE	McKenzie Banking Company	1.51	48.54	2.9	12.63	56.05	12.14
MC MINNVILLE	Security Federal Savings Bank of McMinnville	0.55	77.18	1.03	8.98	97.7	6.03
MC MINNVILLE	Homeland Community Bank	0.95	73.59	1.1	9.76	85.6	9.39
MEDINA	Medina Banking Co.	0.83	31.96	1.63	15.75	38.81	4.89
MEMPHIS	Tri-State Bank of Memphis	0.15	65.9	1.67	13.44	80.35	1.1
MEMPHIS	Independent Bank	0.96	87.06	1.11	8.79	99.32	11.25
MILAN	The Bank of Milan	0.92	55.43	1.17	9.31	64.63	9.95
MILLINGTON	Patriot Bank	0.86	67.27	1.69	8.22	79.33	10.01
MOSCOW	The Bank of Fayette County	0.41	72.56	1.42	8.17	93.83	5.08
MORRISTOWN	Jefferson Federal	-7.29	68.99	2.17	7.29	90.86	-63.72
MOUNTAIN CITY	Farmers State Bank	0.45	65.11	2.36	14.9	81.38	2.98
MOUNTAIN CITY	Johnson County Bank	1.09	70.62	1.55	12.3	89.77	9
MURFREESBORO	MidSouth Bank	0.45	70.96	4	9.53	80.39	5.09
NASHVILLE	Avenue Bank	0.11	68.32	1.44	9.24	88.13	1.15
NASHVILLE	Citizens Savings Bank and Trust Company	0.53	70.96	1.41	9.57	82.08	5.55
NASHVILLE	InsBank	-1.05	71.95	2.92	8.96	107.23	-10.71
NASHVILLE	Nashville Bank and Trust Company	0.48	75.91	1.34	10.65	89.5	4.32
NASHVILLE	Civic Bank & Trust	0.16	62.94	3.25	10.32	76.88	1.54
NASHVILLE	CapStar Bank	-1.61	60.16	1.72	17.61	74.7	-7.92
NEW TAZEWELL	Citizens Bank	0.32	66.63	1.34	8.07	73.26	3.87
NEWBERN	Security Bank	0.94	45.28	1.68	10.84	58.38	8.3
NOLENSVILLE	Peoples State Bank of Commerce	0.1	67.67	1.01	7.98	84.68	0.91
OAK RIDGE	TNBANK	-0.75	64.27	1.4	8.33	83.49	-8.01
ONEIDA	First Trust and Savings Bank, Oneida, Tennessee	1.1	79.39	1.46	9.63	95.11	11.01
OOLTEWAH	Community Trust & Banking Company	-4.52	75.24	2.71	7.72	84.67	-60.72
PARIS	Commercial Bank & Trust Co.	1.24	70.33	1.74	8.6	80.45	13.57
PARIS	Security Bank and Trust Company	2.36	62.33	0.64	8.44	77.44	26.64
PARSONS	Farmers Bank	-1.36	53.5	1.8	10.57	60.59	-11.71
PARSONS	Community South Bank	0.62	83.62	1.18	8.59	95.19	7.64
PIGEON FORGE	Tennessee State Bank	0.74	65.94	2.39	7.62	75.93	9.58
PIGEON FORGE	SmartBank	0.29	77.16	1.3	10.71	90.25	2.7
PORTLAND	The Farmers Bank	0.86	68.25	1.19	9.17	81.41	8.83
PORTLAND	Volunteer State Bank	1.52	81.21	1.25	8.34	94.44	17.39
RIPLEY	Bank of Ripley	0.52	47.36	1	15	56.54	3.34
ROGERSVILLE	The Citizens Bank of East Tennessee	-0.22	78.6	1.93	7.95	91.5	-2.64
ROGERSVILLE	First Community Bank of East Tennessee Citizens Bank and Trust Company of Grainger County	0.14	70.89	2.15	10.75	93.56	1.33
RUTLEDGE		1.37	44.24	1.42	16.94	54.38	7.8
SARDIS	The Peoples Bank	0.54	48.78	1.13	6	53.47	7.57
SAVANNAH	The Hardin County Bank	1.03	77.39	1.08	7.3	89.66	14.37
SAVANNAH	Central Bank	0.5	80.41	1.11	9.69	98.49	5.42
SELMER	Home Banking Company	0.82	56.9	1.32	10.1	64.18	7.91
SEVIERVILLE	Sevier County Bank	0.26	61.51	2	10.24	69.01	2.52
SHELBYVILLE	First Community Bank of Bedford County	1.82	64.8	1.09	11.9	90.93	14.9
SHELBYVILLE	PEOPLES BANK OF BEDFORD COUNTY	0.62	67.55	1.2	9.58	75.61	6.45
SOMERVILLE	The Somerville Bank & Trust Company	1.26	56	1.25	9.24	63.63	11.16
SPENCER	Citizens Bank of Spencer, Tenn.	-4.24	62.88	3.28	4.62	66.62	-83.75
SPRING CITY	First Bank of Tennessee	1.13	80.55	1.45	8.59	90.41	13.3

## TENNESSEE STATE-CHARTERED BANKS

## KEY BANK RATIOS AS OF JUNE 30, 2010

CITY	INSTITUTION	NET INCOME TO AVG TOTAL ASSETS RATIO	NET LOANS TO ASSETS RATIO	ALLOWANCE FOR LOAN LOSSES RATIO	CORE CAPITAL (LEVERAGE) RATIO	NET LOANS TO DEPOSITS RATIO	NET INCOME TO AVG TOTAL EQUITY RATIO
SPRINGFIELD	Commerce Union Bank	0.43	59.87	1.34	18.35	83.8	2.22
TAZEWELL	First Century Bank	0.35	59.3	2.33	10.06	67.6	3.34
TREZEVANT	Farmer's and Merchants Bank	0.6	85.22	0.99	8.62	99.6	6.64
TULLAHOMA	American City Bank of Tullahoma	0.99	73.36	1.23	10.99	94.12	6.62
TULLAHOMA	The Bank of Tullahoma	1.35	64.7	1	14.52	80.41	8.93
TULLAHOMA	First Vision Bank of Tennessee	0.36	74.91	1.07	12.67	90.84	2.88
UNION CITY	First State Bank	0.38	66.51	1.97	8.72	77.41	4.1
UNION CITY	Reelfoot Bank	0.42	59.7	1.38	8.91	67.31	4.6
WARTBURG	Citizens First Bank	0.33	70.44	0.99	7.1	78.6	4.58
WAYNESBORO	The Bank of Waynesboro	1	73.04	2.19	11.24	83.04	9.21
WAYNESBORO	Wayne County Bank	0.85	80.97	3.44	10.94	96.88	7.8
WINCHESTER	Citizens Community Bank	0.91	74.8	1.66	10.03	89.26	8.9
WOODLAND MILLS	The Farmers Bank, Woodland Mills, Tennessee	-0.26	37.04	2.56	17.81	45.53	-1.46
	Median Including All Institutions	0.61	67.72	1.49	9.29	80.68	6.32

## TENNESSEE STATE-CHARTERED TRUST COMPANIES

## CONSOLIDATED BALANCE SHEET (TO NEAREST THOUSAND)

As of June 30, 2010 and June 30, 2009

	June 30, 2010	June 30, 2009	\$ Change	% Change
<b>ASSETS</b>				
Cash and Due from Banks	22,089	18,392	3,697	20.10%
Securities and Investments	2,684	1,786	898	50.28%
Premises and Fixed Assets	1,339	1,272	67	5.27%
Intangible Assets	36,368	38,321	-1,953	-5.10%
Other Assets	17,156	15,918	1,238	7.78%
<b>TOTAL ASSETS</b>	<b>79,636</b>	<b>75,689</b>	<b>3,947</b>	<b>5.21%</b>
<b>LIABILITIES</b>				
Other Liabilities	11,174	9,234	1,940	21.01%
<b>TOTAL LIABILITIES</b>	<b>11,174</b>	<b>9,234</b>	<b>1,940</b>	<b>21.01%</b>
<b>NET ASSETS</b>				
Unrestricted Assets	167	185	-18	-9.73%
Temporarily Restricted Assets	5	6	-1	-16.67%
Permanently Restricted Assets	8	8	0	0.00%
<b>EQUITY CAPITAL</b>				
Common Stock	4,780	4,773	7	0.15%
Less: Treasury Stock	831	756	75	9.92%
Surplus	13,156	12,731	425	3.34%
Additional Paid-in Capital	50,328	50,102	226	0.45%
Undivided Profits	826	-605	1,431	236.53%
Stock Options	23	23	0	0.00%
Unrealized Gains and (Losses)	0	-12	12	100.00%
<b>TOTAL EQUITY CAPITAL</b>	<b>68,282</b>	<b>66,256</b>	<b>2,026</b>	<b>3.06%</b>
<b>TOTAL LIABILITIES AND EQUITY CAPITAL</b>	<b>79,636</b>	<b>75,689</b>	<b>3,947</b>	<b>5.21%</b>

## TENNESSEE STATE-CHARTERED TRUST COMPANIES

## CONSOLIDATED INCOME STATEMENT (TO NEAREST THOUSAND)

Six months ending June 30, 2010 and June 30, 2009

	June 30, 2010	June 30, 2009	\$ Change	% Change
Fee Income	45,662	36,433	9,229	25.3%
<b>NET FEE INCOME</b>	<b>45,662</b>	<b>36,433</b>	9,229	25.3%
Other Income	204	114	90	78.9%
<b>TOTAL INCOME</b>	<b>45,866</b>	<b>36,547</b>	9,319	25.5%
Operating Expenses	28,176	23,041	5,135	22.3%
Advisor/Consulting Fees	13,210	12,845	365	2.8%
Inter-Company Expense (Credit)	256	376	-120	-31.9%
Securities (Gains) and Losses	0	0	0	NA
<b>TOTAL OPERATING EXPENSES</b>	<b>41,642</b>	<b>36,262</b>	5,380	14.8%
Pre-Tax Net Operating Income	4,224	285	3,939	1382.1%
Applicable Income Taxes	298	-709	1,007	142.0%
Non-Operating Expenses	1,476	1,063	413	38.9%
<b>NET OPERATING INCOME</b>	<b>2,450</b>	<b>-69</b>	2,519	3650.7%
Dividends and/or Distributions to Shareholders	564	*370	194	52.4%
Extraordinary Gains/Losses	0	0	0	0.0%
<b>NET INCOME</b>	<b>1,886</b>	<b>*-439</b>	2,325	529.6%

\*Note correction to Dividends paid and Net Income for June 30, 2009

## TENNESSEE STATE-CHARTERED TRUST COMPANIES

## STATEMENT OF CONDITION (TO NEAREST THOUSAND)

As of June 30, 2010

		A	B	C	D	E	F	G	H	I	J
		Cash	Invest	Other Assets	Total Assets	Other Liabilities	Equity Capital	Net Income	TAUM	Common/Collective Funds	No. of Funds
Meridian Trust and Investment Company	Knoxville	271	465	708	1,444	94	1,350	454	437,259		
The Trust Company of Knoxville	Knoxville	879	1,167	520	2,566	235	2,331	489	1,280,637	37,910	1
Argent Trust Company	Memphis	180	0	806	986	71	915	-144	96,565		
Boyle Trust and Investment Company	Memphis	620	0	227	847	336	511	2	149,951		
Diversified Trust Company	Memphis	407	0	4,043	4,450	3,388	1,062	0	4,172,464	1,156,936	12
First Mercantile Trust Company	Memphis	18,271	0	46,882	65,153	6,922	58,231	286	3,945,802	3,396,352	206
Cumberland Trust and Investment Company	Nashville	588	0	876	1,464	61	1,403	299	884,145		
Equitable Trust Company	Nashville	862	1,039	624	2,525	46	2,479	1,083	1,294,652		
Guardianship and Trusts Corporation (K, L)	Nashville	11	13	177	201	21	180(M)	-19	11,450		
<b>Total</b>		<b>22,089</b>	<b>2,684</b>	<b>54,863</b>	<b>79,636</b>	<b>11,174</b>	<b>68,282</b>	<b>2,450</b>	<b>12,272,925</b>		

## FOOTNOTE:

(A) Cash - Includes currency and coin, and both interest bearing and non-interest bearing balances due from depository institutions

(B) Investments - Investments Owned

(C) Other Assets - Includes premises and fixed assets, investments in unconsolidated subsidiaries, intangible assets, and all other assets

(D) Total Assets - The sum of (A) through (C)

(E) Other Liabilities - Includes all liabilities

(F) Equity Capital - Includes preferred stock, common stock, treasury stock, debt capital, surplus, undivided profits, and all other capital reserves net of any unrealized holding gains (losses) on available for sale securities

(G) Net Income - Income earned after all expenses, taxes, and extraordinary items

(H) Total Assets Under Management - Total Discretionary and Non-Discretionary Assets Under Management and/or Custody inclusive of funds held in Common/Collective Funds

(I) Common/Collective Funds - Assets held in Common and/or Collective Investment Funds trusted by company at market value

(J) Number of Funds - Number of Common/Collective Funds

(K) Not-for-profit trust company

(L) Operates on a fiscal year ending 6-30

(M) Net Assets; Not included in the Equity Capital Total

## COMPLIANCE DIVISION

**HEADQUARTERS  
PERSONNEL-NASHVILLE**

Mike Igney, Assistant Commissioner  
 Chris Adams, Chief Administrator  
 David Axford, JD, Chief Administrator  
 Mandy Heady, Project Manager  
 Melody Johnson, Supervisor, Administrative Services  
 Steffany Daniel, Administrative Services Assistant 3  
 Frankie DeJesus, Administrative Services Assistant 3  
 George Goodwin, Administrative Services Assistant 2  
 Melanie Harper, Administrative Services Assistant 3  
 Carmen McCreedy, Executive Secretary 1  
 Bettye Osborne, Administrative Services Assistant 3  
 Gina Tarolli, Administrative Services Assistant 2

**APPLICATIONS*****MORTGAGE, INDUSTRIAL LOAN & THRIFT, AND INSURANCE******PREMIUM FINANCE***

Carl Scott, CFSA, Director  
 David Gaines, Financial Analyst  
 Tat Mysayphonh, CPA, CFE, Financial Analyst  
 Harvie Franklin, III, Financial Analyst

***CHECK CASHING, DEFERRED PRESENTMENT, AND TITLE PLEDGE***

Stephen Henley, CPA, Director, Licensing  
 Sharon Barnard, CPA, Financial Analyst

**T**he Compliance Division is responsible for the licensing and regulatory supervision of the following types of non-depository financial institutions and individuals operating in Tennessee:

- Industrial Loan & Thrift Companies
- Insurance Premium Finance Companies
- Check Cashing Companies
- Deferred Presentment Service Companies
- Title Pledge Lenders
- Residential Mortgage Lenders, Brokers and Servicers
- Mortgage Loan Originators

**REGULATORY OVERSIGHT**

The United States Congress responded to the residential mortgage crisis by passing new federal legislation, in the form of The Secure & Fair Enforcement for Mortgage Licensing Act of 2008 ("S.A.F.E. Act"). The legislation requires the Department's Compliance Division to investigate the background of each individual applying for a license as an MLO to conduct business in Tennessee. Other requirements under the S.A.F.E. Act must be met by each applicant, including pre-licensing education and testing, continuing education, and demonstrated financial responsibility through submission of a credit report to the Department.

Through a comprehensive examination program, licensed and regulated entities are subject to periodic examination by the Division's compliance examiners. The Compliance Division's examinations are designed to test and enforce compliance with Tennessee laws, as well as certain Federal regulations. These laws were written in order to protect the consumer by limiting the amount of interest, loan charges, and insurance charges that can be imposed, as well as providing for specific disclosures to the consumer regarding loan provisions. The compliance examiners also investigate consumer complaints and allegations of consumer fraud and usury.

Through 4,175 on-site examinations and other regulatory oversight of non-depository financial institutions, the Department returned refunds in the amount of \$1,560,470.12 to consumers for the calendar year ending December 31, 2010. In addition, the Division initiated 215 administrative enforcement actions resulting in civil monetary penalties of \$321,019.78 for the 2010 calendar year.

## COMPLIANCE DIVISION

**MILESTONES AND ACCOMPLISHMENTS****MORTGAGE ACCREDITATION**

On November 29, 2010, the Department received accreditation by The Conference of State Bank Supervisors and The American Association of Residential Mortgage Regulators having met the standards established by these organizations in regulation of the mortgage industry. Tennessee was the fifth state in the nation to have satisfied this regulatory standard.

**THE SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT OF 2008**

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 ("S.A.F.E.") was signed into law on July 30, 2008. The S.A.F.E. Act establishes minimum standards for the licensing of mortgage loan originators, and also sets forth objectives for uniform mortgage licensing and specifies the use of the Nationwide Mortgage Licensing System and Registry ("NMLS") through which all mortgage loan originators are either federally registered or state licensed. S.A.F.E. also requires that mortgage loan originators submit to a fingerprint-based criminal background check, demonstrate professional proficiency by taking pre-licensing education and passing pre-licensing tests, meet continuing education requirements, and demonstrate financial responsibility. Since the effective date of the S.A.F.E. Act, the Department has worked diligently to ensure that Tennessee meets all of the federal mandates for S.A.F.E. Act compliance and that the requirements be fulfilled in a timely manner. The Department implemented fingerprint-based criminal background checks ("CBC") on January 1, 2009 for all applicants for a mortgage loan originator registration certificate or license, and certain principals of applicants for a broker, lender, or servicer license.

**NATIONWIDE MORTGAGE LICENSING SYSTEM FOR THE RESIDENTIAL MORTGAGE INDUSTRY (NMLS)**

The Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators developed a national licensing system and database intended to provide uniform applications for residential mortgage lenders, brokers, servicers, and mortgage loan originators as well as a central repository of information about licensing and publicly adjudicated enforcement actions. The internet-based system was launched on January 1, 2008. The primary objectives of the system are to protect consumers, increase accountability among industry professionals, and streamline the licensing process for the mortgage industry and regulators.

The Department deployed to the system February 1, 2009, after which all licensing of mortgage companies and individuals has been managed online through the NMLS.

**EXAMINATION PERSONNEL**

Nicole Chamblee, CFE, Regional Manager

Brian Williams, Regional Manager

Chad Haney, Supervisor

David Kelly, Supervisor

Jack Lay, CFE, Supervisor

Patrick Somers, Supervisor

Cathy Wilkerson, Supervisor

Frank Barnes, CFSA

Elizabeth Harrell

Robert Campbell

Brian Caroland

Michael Cranor

Robert Doyle

Stephanie Dunn

Joshua Evans

Grant Gouveia, CFE

Kevin Hicks

Robert Hornbeak

Marcia Jenkins, CFE

William Justice

Alisa Logan

Wes Martin

James Worley

Kerry Rial

Marilyn Schroepfel, CFSA

Kamela Settles

Keith Sharp

James Simmons

Calvin Stout

Robert Walker

Mike Wiggins

Dennis Woodmore, CFSA

**COMPLIANCE DIVISION****MILESTONES AND ACCOMPLISHMENTS****MULTI-STATE MORTGAGE SUPERVISION**

In July 2008, the Department entered into the Nationwide Cooperative Agreement for Mortgage Supervision and the Nationwide Cooperative Protocol for Mortgage Supervision under the auspices of the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators. The purpose of the agreements is to assist state mortgage regulators by outlining a framework for the coordination and supervision of multi-state mortgage entities. Among the goals are to: protect consumers, identify and prevent mortgage fraud, supervise and examine in a uniform manner across state jurisdictions, and to foster consistency, coordination, and communication among state regulators.

**MULTI-STATE MORTGAGE REGULATORY COOPERATIVE**

The Department continues to participate in a multi-state regulatory initiative, the purpose of which is to identify and share information about issues and concerns related to mortgage companies and individuals that engage in the business of mortgage brokerage, lending or servicing in multiple states. The cooperative effort among state regulators is an effective method by which individual state regulatory authorities can coordinate their efforts to deal more effectively with issues related to common licensees.

**TITLE PLEDGE REPORT TO GOVERNOR'S OFFICE AND GENERAL ASSEMBLY**

Beginning November 1, 2005, pursuant to Chapter 440 of the Public Acts of 2005, the Department was charged with the enforcement of the Tennessee Title Pledge Act. Since that time, at the request of the General Assembly, the Department has issued written reports to the Governor's Office and General Assembly in 2006, 2007, 2008, and 2010. The Title Pledge Report represents one of the most comprehensive written reports published about the state of the title pledge industry. Pursuant to T.C.A. § 45-15-109, a similar analysis and report for calendar year 2010 is scheduled to be issued in 2012.

## COMPLIANCE DIVISION

### RESIDENTIAL MORTGAGE LENDERS, BROKERS AND SERVICERS

The activities of residential mortgage lending, brokering, and servicing companies are governed by the “Tennessee Residential Lending, Brokerage and Servicing Act,” codified as T.C.A. Title 45, Chapter 13. T.C.A. § 45-13-201(a) provides that “no person shall act as a mortgage lender, mortgage loan broker, mortgage loan servicer in this state without first obtaining a license under this chapter.” Additionally, in accordance with T.C.A. § 45-13-301(a) “An individual, unless specifically exempted under subsection (b), shall not engage in the business of a mortgage loan originator with respect to any dwelling located in this state without first obtaining and maintaining annually a license issued by the commissioner and without first being sponsored in accordance with § 45-13-303.” If the applicant proposes to broker, make or service mortgage loans, a surety bond is required in an amount graduated according to Department Rule 0180-17 and reflective of the dollar amount of loan originations.

### LICENSING

To obtain a license, an applicant must maintain a net worth of at least \$25,000 and demonstrate the financial responsibility, experience and character to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of December 31, 2010, there were 600 mortgage companies and 3,973 mortgage loan originators licensed under the Act.

With passage of federal legislation (the 2008 “S.A.F.E.” Act), and amendments made to the Tennessee Residential Lending, Brokerage and Servicing Act effective July 31, 2009, all mortgage lenders, mortgage loan brokers, mortgage loan servicers and mortgage loan originators now make application for and renew licenses online through the Nationwide Mortgage Licensing System and Registry.

### EXAMINATIONS

The Department is authorized to conduct periodic examinations pursuant to T.C.A. § 45-13-404. For calendar year ending December 31, 2010, the Compliance Division conducted 272 examinations of mortgage companies that resulted in 969 refunds totaling \$1,181,972.31. Special examinations are also conducted as a result of consumer complaints forwarded from the Department’s Consumer Resources Division.

## COMPLIANCE DIVISION

### INDUSTRIAL LOAN AND THRIFT COMPANIES (TILT)

Consumer loan companies operate under the “Industrial Loan and Thrift Companies Act”, (TILT Act), codified as T.C.A. Title 45, Chapter 5. The stated purpose of the Act is to allow citizens to have the services of regulated lending institutions at rates and charges reasonably commensurate with economic realities. This Act authorizes those companies that obtain a certificate of registration to charge rates and fees somewhat higher than that which may be charged under the State’s general usury statutes. While the Act allows higher interest rates, it also contains many consumer protection provisions particularly with respect to loan charges. TILT companies registered under this Act are required to secure a surety bond. The bonding requirements are as follows: If the applicant proposes to make loans secured by a mortgage, the surety bond shall be in an amount graduated according to Department Rule 0180-32 and reflective of the dollar amount of loan originations. Otherwise, the surety bond shall be in the amount of \$50,000. In addition, as of July 30, 2009, mortgage loan originators affiliated with the TILT companies, must comply with all provisions of the S.A.F.E. Act, including fingerprint-based criminal background checks, pre-licensure education and testing, and continuing education.

#### REGISTRATION

To obtain a certificate of registration, an applicant must maintain a net worth of at least \$25,000 and demonstrate financial responsibility, integrity, character, and business experience to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly.

As of December 31, 2010, there were 1,013 locations registered under the Act.

#### EXAMINATIONS

Pursuant to T.C.A. § 45-5-501, the Department conducts periodic examinations of all registered TILT locations to ensure compliance with the Act.

For calendar year ending December 31, 2010, the Department conducted 870 examinations that resulted in 1,275 refunds totaling \$161,503.72.

## COMPLIANCE DIVISION

## INDUSTRIAL LOAN AND THRIFT COMPANIES

**Composite Annual Report**  
(Year Ending December 31, 2009)

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Number of Offices Included in this Report	933
Number of Employees in State at Year End	3,239

**REGULATED ENTITIES PROFIT PERCENTAGE****RATE OF RETURN**

Average Net Receivable (Industry)	\$2,641,847,744
Average Net Receivable (Location)	\$2,831,562
Net Income (Industry)	(\$55,327,184)
Net Income (Location)	(\$59,300)
Rate of Return on Outstanding Receivables (Location)	-2.09%

**ANALYSIS OF ACCOUNTS OUTSTANDING**

Average Number of Accounts Outstanding (Industry)	615,110
Average Number of Accounts Outstanding (Company)	4,556
Average Number of Accounts Outstanding (Location)	659

**OTHER INFORMATION**

Number of Loans Outstanding at Beginning of Year	615,328
Dollar Amount of Loans Outstanding at Beginning of Year	\$2,732,045,349
Average Amount per Loan Outstanding at Beginning of Year	\$4,439

Number of Loans Made During the Year	1,292,840
Dollar Amount of Loans Made During the Year	\$1,356,917,931
Average Amount per Loan Made	\$1,049

Number of Loans Charged Off During the Year	127,051
Dollar Amount of Loans Charged Off During the Year	\$333,323,646
Average Account Balance Charged Off	\$2,623

Number of Loans Outstanding at Year End	620,783
Dollar Amount of Loans Outstanding at Year End	\$2,510,417,018
Average Account Balance per Loan Outstanding at Year End	\$4,043

## COMPLIANCE DIVISION

## INDUSTRIAL LOAN AND THRIFT COMPANIES

**Composite Annual Report**  
 (Year Ending December 31, 2009)

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**ANALYSIS OF LOANS RECEIVABLE**

Gross Loan Receivables Outstanding - January	\$3,267,642,818
Gross Loan Receivables Outstanding - February	\$3,101,952,154
Gross Loan Receivables Outstanding - March	\$3,058,498,184
Gross Loan Receivables Outstanding - April	\$3,022,759,788
Gross Loan Receivables Outstanding - May	\$3,048,284,141
Gross Loan Receivables Outstanding - June	\$3,025,932,516
Gross Loan Receivables Outstanding - July	\$3,005,709,868
Gross Loan Receivables Outstanding - August	\$2,951,326,469
Gross Loan Receivables Outstanding - September	\$2,931,586,103
Gross Loan Receivables Outstanding - October	\$2,895,164,724
Gross Loan Receivables Outstanding - November	\$2,879,132,887
Gross Loan Receivables Outstanding - December	\$2,994,676,529

## COMPLIANCE DIVISION

### INSURANCE PREMIUM FINANCE COMPANIES

The activities of Insurance Premium Finance Companies are governed by the “Premium Finance Company Act of 1980”, (“Act”), codified as T.C.A. Title 56, Chapter 37. “Premium Finance Company” means a person engaged in the business of entering into premium finance agreements or acquiring premium finance agreements from other premium finance companies. “Premium finance agreement” means an agreement by which an insured, or prospective insured, promises to pay to a premium finance company, the amount advanced, or to be advanced under the agreement to an insurer or to an insurance agent or producing agent in payment of premiums of an insurance contract, together with interest and a service charge as authorized and limited by the “Act.”

#### LICENSING

To obtain a license, an applicant must, pursuant to T.C.A. § 56-37-104(b), be competent and trustworthy, act in good faith, have a good business reputation, experience, training or education in this business. As of December 31, 2010, there were 53 premium finance companies licensed to conduct business in Tennessee.

### CHECK CASHING COMPANIES

The activities of check cashing companies are governed by the “Check Cashing Act of 1997” (“Act”) codified as T.C.A. Title 45, Chapter 18. A “check casher” is a person who, for compensation, provides currency in exchange for a payment instrument received (a “check”). Retailers who cash checks incidental to their retail operations are exempt from the Act under T.C.A. § 45-18-103(3), if the compensation for cashing checks does not exceed five percent (5%) of the gross receipts from the retail sale of goods or services.

#### LICENSING

To obtain a check cashing license, an applicant must maintain a minimum net worth of \$25,000 per location and demonstrate experience, character, and general fitness to command the confidence of the public and warrant the belief that the applicant will operate its business lawfully and fairly. As of December 31, 2010, there were 620 licensed check casher locations in Tennessee.

#### EXAMINATIONS

Examinations of licensed check cashers are conducted pursuant to T.C.A. § 45-18-113. For the calendar year ending December 31, 2010, the Compliance Division conducted 721 check cashing examinations resulting in 444 refunds totaling \$5,871.71.

### DEFERRED PRESENTMENT SERVICE COMPANIES

The activities of deferred presentment services companies are governed by the “Deferred Presentment Services Act” codified as T.C.A. Title 45, Chapter 17. “Deferred Presentment Services” is defined to mean a transaction pursuant to a written agreement involving the following combination of activities in exchange for a fee: (a) accepting a check dated on the date it was written; and (b) holding the check for a period of time prior to presentment for payment or deposit.

#### LICENSING

To obtain a deferred presentment services license, an applicant must maintain a minimum net worth of \$25,000 per location and demonstrate the financial responsibility, financial condition, business experience, character, and general fitness to reasonably warrant the belief that the applicant will operate its business lawfully and fairly. As of December 31, 2010, there were 1,232 Deferred Presentment locations licensed in Tennessee. These locations represent 383 companies with the distribution of business structure as: 137 corporations; 116 limited liability companies; 26 partnerships; 104 sole proprietorships.

## COMPLIANCE DIVISION

## DEFERRED PRESENTMENT SERVICE COMPANIES, CONTINUED

## EXAMINATIONS

For calendar year ending December 31, 2010, the Compliance Division conducted 1,512 examinations of deferred presentment offices. Typically, the Department's compliance examiners review a sample of the licensee's transactions by looking at the fees charged and the disclosures provided the consumers. As a result of examinations conducted, pursuant to T.C.A. § 45-17-115, licensees made 2061 refunds totaling \$87,191.89.

## ANNUAL REPORT INFORMATION

By September 1st of each year, licensees are required by T.C.A. § 45-17-119 to file with the Commissioner of Financial Institutions an Annual Report covering the licensee's business activities as of the close of business on December 31st of the prior year. These reports include a balance sheet, statement of income and expense, as well as other statistical data. Following is a recapitulation of the 2010 annual reports, submitted by licensees with renewal applications, for the purpose of reflecting the general results of operations for the calendar year ending December 31, 2009:

## ANNUAL REPORT INFORMATION FOR CALENDAR YEAR ENDING DECEMBER 31, 2009

The following tabulation represents aggregate information from reports filed by 370 licensed companies. The Department did not require an annual report from companies that opened after December, 2009.

Total Assets	\$2,087,363,229
Total Liabilities	\$732,618,995
Net Worth	\$1,354,744,234

As of December 31, 2009, five (5) companies owned 91% of the industry's assets. This accounts for \$1,905,378,394 of the total reported assets of \$2,087,363,229. Eighty-one companies reported assets greater than \$500,000; 183 companies had assets of between \$100,000 and \$500,000; and the remaining 106 showed total assets of less than \$100,000.

## STATEMENT OF INCOME AND EXPENSES

The following information was compiled from the statements of income and expenses for the period of January 1, 2009 to December 31, 2009.

Total Operating Income	\$140,141,245
Salary Expense	\$37,666,591
Bad Debt Expense	\$19,163,985
Owners' Compensation	\$6,787,397
Net Income*	\$9,909,723

\*excluding Owner's  
Compensation

Of the 370 reporting companies, 92 reported operating losses and 32 reported net income of over \$100,000 for the period ending December 31, 2009. The average company made a profit of \$26,783.

Salaries are a major company expense, amounting to about 27% of total operating income. The average salary expense for a reporting company was \$101,801. Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 14% of total operating income.

Effective June 7, 2005, the return check fee authorized under T.C.A. § 47-29-102 increased from \$25 to \$30. The Deferred Presentment Services Act allows licensees to assess a handling charge, authorized under T.C.A. § 47-29-102, if a check is returned from a payer financial institution due to insufficient funds, a stop payment order, or a closed account.

**COMPLIANCE DIVISION****DEFERRED PRESENTMENT SERVICE COMPANIES, CONTINUED****TRANSACTIONAL DATA**

The following transactional data were reported for the reporting period ending December 31, 2009:

Number of Transactions	5,218,410
Dollar Amount of Transactions During the Year	\$1,052,011,115
Average Size of Receivable Transactions	\$202

Number of transactions by size of check:

\$1 - \$150	595,214
\$151 - \$250	3,608,696
\$251 - \$500	1,014,500

**TITLE PLEDGE LENDERS**

The activities of title pledge lenders are governed by the Tennessee Title Pledge Act codified as T.C.A. Title 45, Chapter 15. A "Title Pledge Lender" is any person engaged in the business of making a written title pledge agreement for a "fee," whereby the lender agrees to make a loan of money to a customer in exchange for a security interest in the unencumbered titled personal property owned by the customer (or "pledgor"). In Tennessee, the most common titled personal property pledged is an automobile. The pledgor has the exclusive right to redeem the certificate of title by repaying the loan in full, including fees and interest charges, according to the agreement. When the loan is paid off, the lender then releases the security interest in the titled personal property and returns title to the customer. The title pledge agreements are initially written for a 30-day period, but can be renewed for additional 30-day periods.

**LICENSING**

To obtain a title pledge lender license, an applicant must maintain a minimum net worth of \$75,000 per location and demonstrate financial responsibility, financial condition, business experience, character, and general fitness to reasonably warrant the belief that the applicant will operate its business lawfully and fairly. As of December 31, 2010, there were 837 licensed title pledge lender locations. These locations represent 190 companies with the distribution by business structure as: 81 corporations; 64 limited liability companies; 6 partnerships; 39 sole proprietorships.

**EXAMINATIONS**

For calendar year ending December 31, 2010, pursuant to T.C.A. § 45-15-108, the Compliance Division conducted 800 examinations of title pledge lender offices resulting in 913 refunds totaling \$123,930.49.

**ANNUAL REPORT INFORMATION FOR CALENDAR YEAR ENDING DECEMBER 31, 2009**

The following tabulation represents aggregate information from reports filed by 190 licensed companies. The Department did not require an annual report from companies that opened after December 2009.

Total Assets	\$826,615,218
Total Liabilities	\$511,688,931
Net Worth	\$314,926,287

As of December 31, 2009, five (5) companies owned 88% of the industry's assets. This accounts for \$731,766,662 of the total reported assets of \$826,615,218. Fifty-five companies reported assets greater than \$500,000; 113 companies had assets of between \$100,000 and \$500,000; and the remaining 22 showed total assets of less than \$100,000.

## COMPLIANCE DIVISION

## TITLE PLEDGE LENDERS, CONTINUED

## STATEMENT OF INCOME AND EXPENSES

The following information was compiled from the statements of income and expenses for the period of January 1, 2009 to December 31, 2009.

Total Operating Income	\$97,757,010
Salary Expense	\$21,754,493
Bad Debt Expense	\$14,054,653
Owners' Compensation	\$5,672,027
Net Income *	\$10,040,691
*excluding Owner's Compensation	

Of the 190 reporting companies, 56 reported operating losses and 11 reported net income of over \$100,000 for the period ending December 31, 2009. The average company made a profit of \$52,846.

Salaries are a major company expense, amounting to about 22% of total operating income. The average salary expense for a reporting company was \$114,497. Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 14% of total operating income.

## TRANSACTIONAL DATA

The following transactional data were reported for the reporting period ending December 31, 2009:

Number of New Agreements Entered Into for 2009	160,447
Dollar Amount of New Agreements During 2009	\$112,418,648
Number of Defaults	67,707
Number of Repossessions	14,513
Total Surplus Amount Returned to Customers after Sale of Repossessed Vehicles	\$555,478

Distribution of 2009 New Agreements by Dollar Amount: (Maximum agreement amt. = \$2,500)

\$1000 or less	132,829
\$1001 - \$2,000	20,393
\$2001 - \$2,500	7,225
Number of Customers Holding Agreements Outstanding as of December 31, 2009	144,562
Number of Customers who Deferred a Principal Payment Reduction in 2009	19,281

## CREDIT UNION DIVISION

### HEADQUARTERS PERSONNEL-NASHVILLE

Trevor Williams, Assistant Commissioner  
Alica Owen, Financial Analyst  
Johna Fort, Administrative Assistant

### EXAMINATION PERSONNEL\*\*

#### *West Tennessee District*

Randall Means, CSCUES, V, Supervisor  
Dana Owen, CFE, CEIC, ACISE, IV  
Tony Bentley, II

#### *Middle Tennessee District*

Steve Eddings, CFE, CSCUE, CEIC, V, Division Manager  
Harry Murphy, CFE, CSCUE, IV  
Jim Eller, I

#### *East Tennessee District*

Lance Hogelin, CFE, CSCUE, IV, Supervisor  
William Cave, CFE, CEIC, CSCUE, IV  
Shane Hardin, CFE, CSCUE, IV  
Dwight Ward, IV

**The Credit Union Division** is responsible for the supervision and examination of 109 state-chartered natural-person credit unions and one corporate credit union.\* Credit union examiners perform safety and soundness examinations for each state-chartered credit union and Volunteer Corporate Credit Union to determine compliance with governing laws and regulations. Evaluations of each credit union's assets, liabilities, income and expenses are performed in order to assess the solvency of the institution. They also perform investigations as a result of complaints filed with the Department's Consumer Resources Division.

The financial health of Tennessee's credit union industry remains strong. Collectively, the 109 natural-person credit unions regulated by the Credit Union Division have assets of approximately \$7.9 billion and assets grew 3.00% during the past 12 months. Capitalization remains strong, with net worth totaling 12.11% of total assets. Delinquency and charge-offs remain manageable and the return on assets was 0.72%. Individually, the institutions present a vast array of asset sizes, fields of membership and services.

Volunteer Corporate Credit Union, located in Nashville, Tenn., continues to meet the financial service needs of the state's natural-person credit unions whether state-chartered or federally-chartered. VolCorp is a \$1.4 billion corporate credit union that serves more than 260 member credit unions in Tennessee and other states. Primary offerings include traditional correspondent services such as investments, item processing, security safekeeping, consulting services and Web design.

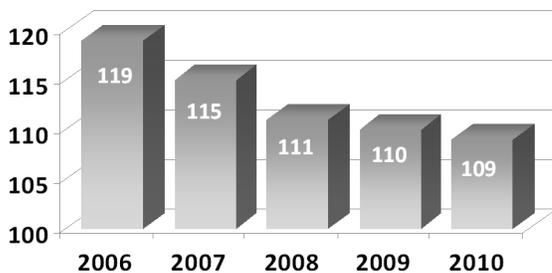
A voluntary survey is conducted at the conclusion of each credit union examination to measure the overall efficiency and effectiveness of the examination and to determine the adequacy of examiner's communication skills. To ensure the confidentiality and integrity of this process, data accumulation and summary reports are prepared by an independent third party. The results of the survey reveal that Tennessee state-chartered credit unions agree that the examination process continues to meet its goals.

The Credit Union Division remains accredited by the National Association of State Credit Union Supervisors (NASCUS). The NASCUS accreditation was recertified during 2010 (for another five-year period). Additionally, eligible division examiners and supervisors have met the comprehensive criteria for NASCUS examination certifications. This certification program provides recognition to superior state credit union examiners and encourages continued professional development through the certification's required continuing education hours.

In summary, the state-chartered credit union system is healthy and credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF).

### NUMBER OF STATE-CHARTERED NATURAL- PERSON CREDIT UNIONS IN TENNESSEE

(Fiscal year ending June 30, 2010)



\***Natural-person credit union** refers to a consumer based credit union that allows individual consumers to utilize its services as members. A **corporate credit union** provides service only to member credit unions and does not allow consumer memberships.

\*\***Examination Personnel Designation:**

**CEIC**, Certified Examiner-in-Charge; **CFE**, Certified Fraud Examiner; **CISE**, Certified Information Systems Examiner; **CSCUE**, Certified State Credit Union Examiner; **CSCUES**, Certified State Credit Union Examiner Supervisor

## CREDIT UNION DIVISION

### CREDIT UNION CORPORATE REORGANIZATIONS July 1, 2009 – June 30, 2010

#### MERGERS

April 30, 2010  
Signal Cement Workers Credit Union in Chattanooga, Tennessee merged into Tennessee Valley Federal Credit Union, also located in Chattanooga

#### CHARTER CONVERSIONS

August 31, 2009  
Bowater Credit Union, Calhoun, Tennessee converted to a community-based charter to serve Bradley, McMinn, Polk, Meigs and Monroe counties in Tennessee

September 23, 2009  
Appliance Credit Union, Cleveland, Tennessee converted to a community-based charter to serve Bradley County, Tennessee

#### FIELD OF MEMBERSHIP EXPANSIONS

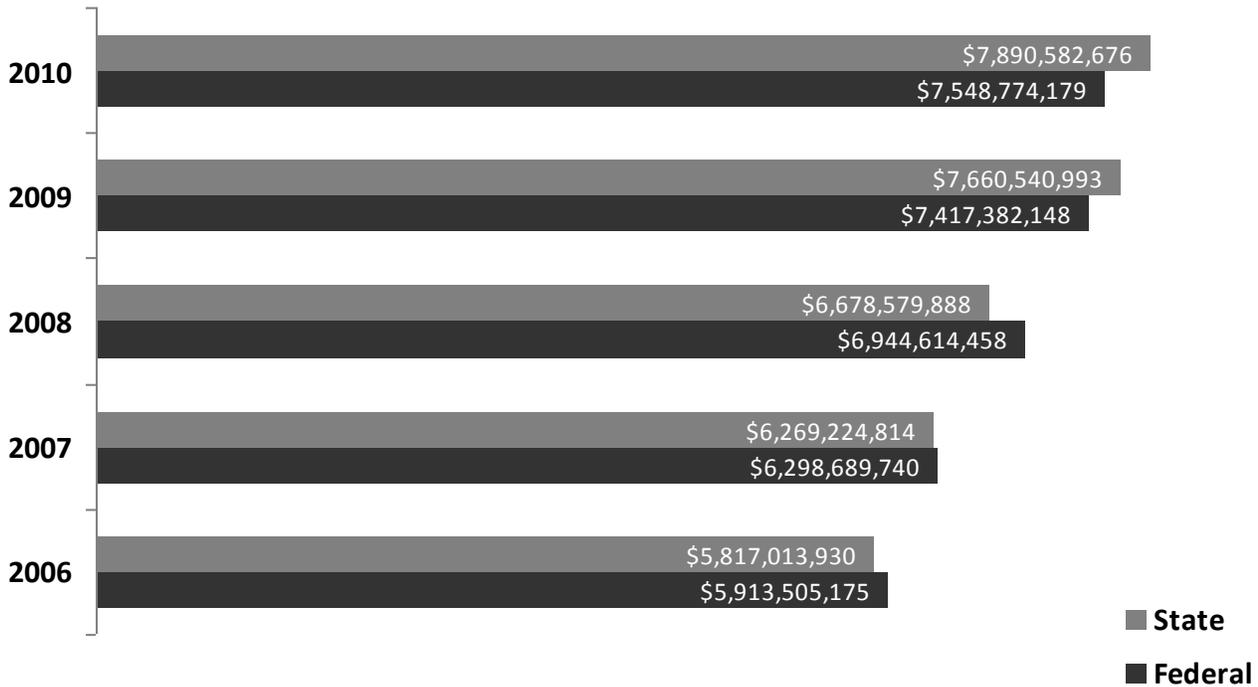
November 11, 2009  
Consumer Credit Union in Greeneville, Tennessee added Sullivan County, Tennessee to their field of membership

March 12, 2010  
Northeast Community Credit Union, Elizabethton, Tennessee expanded its community-based charter to include the counties of Sullivan and Unicoi

June 11, 2010  
DuPont Community Credit Union, Hixson, Tennessee expanded its existing community-based field of membership from Hamilton County, Tennessee to the Chattanooga Metropolitan Statistical Area (CMSA), which includes Hamilton, Marion and Sequatchie Counties in Tennessee and Dade, Walker and Catoosa counties in Georgia

### CREDIT UNION ASSETS

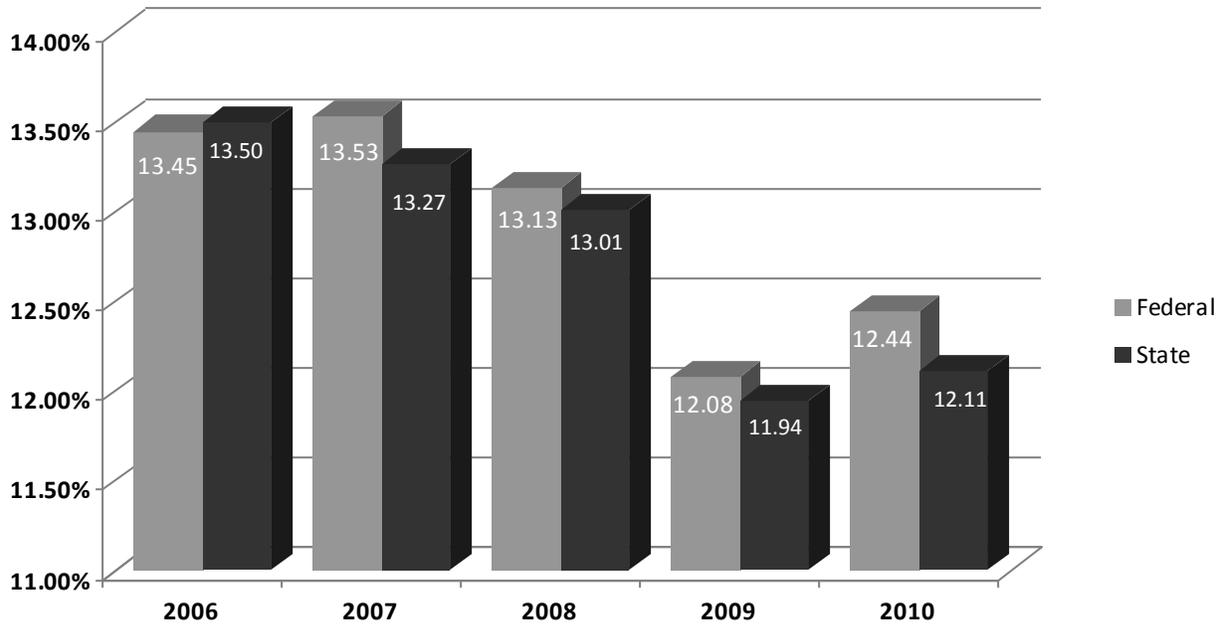
(As of June 30, 2010)



## CREDIT UNION DIVISION

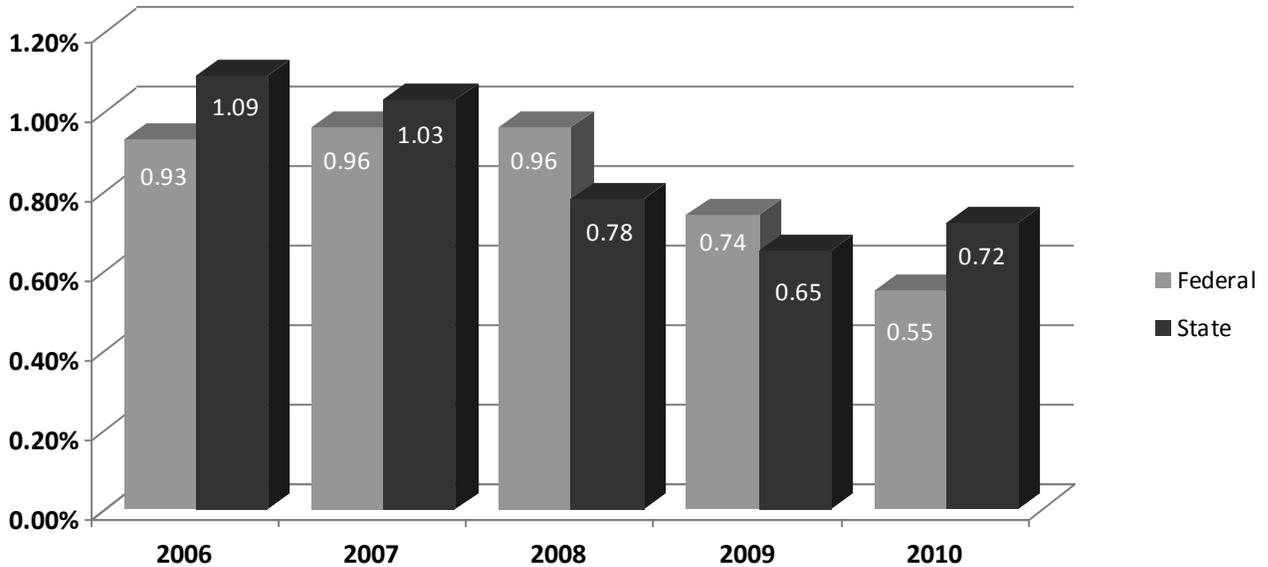
### NET WORTH RATIOS

(Fiscal year ending June 30, 2010)



### RETURN ON AVERAGE ASSETS

(Fiscal year ending June 30, 2010)



## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## CREDIT UNION KEY RATIOS

RATIO DESCRIPTION	FYE June 30, 2010	FYE June 30, 2009
<b>CAPITAL ADEQUACY</b>		
Net Worth / Total Assets	12.11	11.94
Net Worth / Total Assets Including Optional Total Assets Election (if used)	12.12	11.94
Total Delinquent Loans / Net Worth	5.45	5.33
Solvency Evaluation (Estimated)	114.16	114.54
Classified Assets (Estimated) / Net Worth	7.47	6.68
<b>ASSET QUALITY</b>		
Delinquent Loans / Total Loans	1.05	1.02
*Net Charge-Offs / Average Loans	0.68	0.89
Fair (Market) HTM Invest Value/Book Value HTM Invest	102.68	99.65
Accum Unreal G/L On AFS/Cost Of AFS	1.67	1.56
Delinquent Loans / Assets	0.66	0.64
<b>EARNINGS</b>		
*Return On Average Assets	0.72	0.65
*Gross Income / Average Assets	5.86	6.78
*Yield on Average Loans	6.41	6.92
*Yield on Average Investments	1.86	2.73
*Fee & Other Op. Income / Average Assets	1.24	1.49
*Cost of Funds / Average Assets	1.29	1.87
*Net Margin / Average Assets	4.57	4.91
*Operating Exp. / Average Assets	3.39	4.18
*Provision For Loan & Lease Losses / Average Assets	0.46	0.77
*Net Interest Margin / Average Assets	3.33	3.42
Operating Exp./Gross Income	57.76	61.69
Fixed Assets & Foreclosed & Repossessed Assets / Total Assets	2.93	2.87
*Net Operating Exp. / Average Assets	2.42	3.25
<b>ASSET / LIABILITY MANAGEMENT</b>		
Net Long-Term Assets / Total Assets	33.52	30.98
Reg. Shares / Total Shares & Borrowings	24.80	23.27
Total Loans / Total Shares	73.88	76.21
Total Loans / Total Assets	63.12	62.43
Cash + Short-Term Investments / Assets	17.23	22.03
Total Shares, Dep. & Borrowings / Earning Assets	91.44	91.26
Reg. Shares + Share Drafts / Total Shares & Borrowings	35.54	33.37
Borrowings / Total Shares & Net Worth	1.62	5.49
<b>PRODUCTIVITY</b>		
Members / Potential Members	8.26	8.26
Borrowers / Members	49.87	49.34
Members / Full-Time Employees	361.45	342.88
Avg. Shares Per Member	\$7,722	\$7,332
Avg. Loan Balance	\$11,439	\$11,326
*Salary And Benefits / Full-Time Employees	\$54,642	\$52,012
<b>OTHER RATIOS</b>		
*Net Worth Growth	6.34	14.52
*Market (Share) Growth	8.73	23.10
*Loan Growth	2.00	15.38
*Asset Growth	(0.59)	28.80
*Investment Growth	(6.97)	63.25
*Membership Growth	2.52	12.93

\* Symbol represents ratios that have been annualized

## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## CONSOLIDATED BALANCE SHEET

-Page 1-

	As of June 30, 2010	As of June 30, 2009	% Change
<b>ASSETS</b>			
<b>Cash:</b>			
Cash on Hand	92,199,161	81,769,071	12.76%
Cash on Deposit	408,324,018	459,292,340	-11.10%
Cash Equivalents	120,945,534	109,156,382	10.80%
<b>Total Cash</b>	<b>\$621,468,713</b>	<b>\$650,217,793</b>	<b>-4.42%</b>
<b>Investments:</b>			
Trading Securities	0	16,100,000	-100%
Available for Sale Securities	662,274,228	569,471,533	16.30%
Held-to-Maturity Securities	365,685,894	218,169,018	67.62%
Deposits in Commercial Banks, S & Ls, Savings Banks	629,861,634	547,046,473	15.14%
Loans to, Deposits in, & Investments in Natural Person CUs	14,021,860	14,815,467	-5.36%
Total MCSD and PIC in Corporate	26,486,028	27,094,273	-2.24%
All Other Investments in Corporate Credit Unions	238,003,641	471,438,916	-49.52%
All Other Investments	63,062,146	93,494,313	-32.55%
<b>Total Investments</b>	<b>\$1,999,395,431</b>	<b>\$1,957,629,993</b>	<b>2.13%</b>
<b>LOANS HELD FOR SALE</b>		<b>\$0</b>	<b>N/A</b>
<b>Loans and Leases:</b>			
Unsecured Credit Card Loans	176,327,945	156,994,530	-12.31%
All Other Unsecured loans	242,730,800	280,066,828	-13.33%
New Auto Loans	571,362,558	657,898,612	-13.15%
Used Auto Loans	1,041,838,551	1,050,421,306	-0.82%
First Mortgage Real Estate Loans	2,132,684,546	1,997,584,137	6.76%
Other Real Estate Loans	464,877,798	409,087,696	13.64%
Leases Receivable	558,893	713,365	-21.65%
Other Member Loans	350,402,574	229,583,384	52.63%
<b>Total Loans</b>	<b>4,980,783,665</b>	<b>\$4,782,349,858</b>	<b>4.15%</b>
<b>ALLOWANCE FOR LOAN AND LEASE LOSSES</b>	<b>(71,421,229)</b>	<b>(61,076,884)</b>	<b>16.94%</b>
Foreclosed and Repossessed Assets	13,396,553	6,880,722	94.70%
Land and Building (Net of Depreciation)	179,927,051	171,903,092	4.67%
Other Fixed Assets	32,111,780	35,810,344	-10.33%
NCUA Share Insurance Capitalization Deposit	61,829,089	51,520,342	20.01%
Total Other Assets	73,091,623	65,305,733	11.92%
<b>Total Assets</b>	<b>\$7,890,582,676</b>	<b>\$7,660,540,993</b>	<b>3.00%</b>
<b>TOTAL NATURAL-PERSON CREDIT UNIONS</b>	<b>109</b>	<b>110</b>	<b>-0.91%</b>

## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## CONSOLIDATED BALANCE SHEET

-Page 2-

	As of June 30, 2010	As of June 30, 2009	% Change
<b>LIABILITIES, SHARES AND EQUITY</b>			
<b>Liabilities:</b>			
Uninsured Second Capital	20,000	0	N/A
Promissory and Other Notes Payable	124,415,860	394,862,551	-68.49%
Borrowing Repurchase Transactions	0	0	N/A
Subordinated Debt	5,000	0	N/A
Dividend and Interest Payable	4,012,572	5,321,142	-24.59%
Accounts Payable and Liabilities	65,438,941	72,819,380	-10.14%
<b>Total Liabilities</b>	<b>193,892,373</b>	<b>\$473,003,073</b>	<b>59.01%</b>
<b>Savings/Deposits:</b>			
Share Drafts	737,356,248	673,859,008	9.42%
Regular Shares	1,703,036,814	1,551,927,327	9.74%
All Other Shares and Deposits	4,301,454,828	4,049,338,512	6.23%
<b>Total Savings/Deposits</b>	<b>6,741,847,890</b>	<b>\$6,275,124,847</b>	<b>7.44%</b>
<b>Equity:</b>			
Undivided Earnings	645,701,297	613,013,691	5.33%
Regular Reserves	267,504,781	261,016,042	2.49%
Appropriations for Non-Conforming Investments	0	0	N/A
Other Reserves	34,963,625	34,500,185	1.34%
Miscellaneous Equity	2,800	65,438	-95.72%
Unrealized Gains/Losses Average For Sale Securities	10,847,885	8,750,353	23.97%
Other Comprehensive Income	(11,984,720)	(11,029,118)	-8.66%
Net Income	7,806,745	6,096,482	28.05%
<b>Equity Total</b>	<b>\$954,842,413</b>	<b>\$912,413,073</b>	<b>4.65%</b>
<b>TOTAL SAVINGS/EQUITY</b>	<b>\$7,696,690,303</b>	<b>\$7,187,537,920</b>	<b>7.08%</b>
<b>TOTAL LIABILITIES/SAVINGS/EQUITY</b>	<b>\$7,890,582,676</b>	<b>\$7,660,540,993</b>	<b>3.00%</b>
<b>NATIONAL CREDIT UNION ADMINISTRATION INSURED SAVINGS:</b>			
Uninsured Shares	288,979,844	230,283,340	25.49%
Uninsured Non-Member Deposits	15,576,856	11,408,437	36.54%
Total Uninsured Shares and Deposits	304,556,700	241,691,777	26.01%
Insured Shares and Deposits	6,437,291,190	6,033,433,070	6.69%

## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## CONSOLIDATED INCOME STATEMENT

	FYE June 30, 2010	FYE June 30, 2009	% Change
<b>INCOME AND EXPENSE</b>			
<b>Interest Income</b>			
Interest on Loans	158,854,174	159,702,331	-0.53%
Less Interest Refund	(7,678)	(28,227)	-72.80%
Income from Investments	23,630,163	29,685,580	-20.40%
Income from Trading	252,096	616,482	-59.11%
<b>Total Interest Income</b>	<b>\$182,728,755</b>	<b>\$189,976,166</b>	<b>-3.81%</b>
<b>Interest Expense</b>			
Dividends	20,527,780	25,279,977	-18.80%
Interest on Deposits	27,866,501	38,544,768	-27.70%
Interest on Borrowed Money	2,615,089	3,425,897	-23.67%
<b>Total Interest Expense</b>	<b>\$51,009,370</b>	<b>\$67,250,642</b>	<b>-24.15%</b>
<b>Provision for Loan and Lease Losses (PLLL)</b>	<b>18,189,657</b>	<b>27,653,638</b>	<b>-34.22%</b>
<b>Net Interest Income after PLLL</b>	<b>\$113,529,728</b>	<b>\$95,071,886</b>	<b>19.41%</b>
<b>Non-Interest Income</b>			
Fee Income	38,094,090	33,683,319	13.09%
Other Operating Income	10,854,726	19,824,380	-45.25%
Gain (Loss) on Investments	521,369	(411,093)	226.83%
Gain (Loss) on Disposition of Assets	(112,079)	(24,149)	-364.11%
Gain from Bargain Purchase (Merger)	0	12,433	-100.00%
Other Non-Operating Income/Expense	(462,544)	25,414,297	-101.82%
<b>Total Non-Interest Income</b>	<b>\$48,895,562</b>	<b>\$78,499,187</b>	<b>-37.68%</b>
<b>Non-Interest Expense</b>			
Employee Compensation and Benefits	65,993,603	64,911,068	1.67%
Travel/Conference Expense	1,307,125	1,290,613	1.28%
Office Occupancy	9,091,405	9,606,296	-5.36%
Office Operation Expense	26,178,450	24,376,892	7.39%
Education and Promotion	3,686,672	3,805,819	-3.13%
Loan Servicing Expense	5,110,495	5,436,944	-6.00%
Professional/Outside Service	9,273,148	8,688,798	6.73%
Member Insurance	1,275,902	2,022,975	-36.93%
Operating Fees	1,101,306	1,101,250	0.01%
Miscellaneous Operating Expense	2,329,901	1,593,250	46.24%
<b>Total Non-Interest Expense</b>	<b>125,348,007</b>	<b>\$122,833,905</b>	<b>2.05%</b>
<b>Net Income Before Stabilization Expense</b>	<b>\$37,077,283</b>	<b>\$50,737,168</b>	<b>-26.86%</b>
NCUSIF Stabilization Expense	8,465,802	27,366,446	-69.07%
<b>Net Income</b>	<b>\$28,611,481</b>	<b>\$23,370,722</b>	<b>22.60%</b>
<b>Reserve Transfers</b>			
Transfer to Regular Reserve	<b>\$3,909,256</b>	<b>\$2,083,395</b>	<b>87.64%</b>

## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## TENNESSEE STATE-CHARTERED CREDIT UNION ASSETS

(As of June 30, 2010)

CHARTER NUMBER	CREDIT UNION NAME	CITY	ASSETS	MEMBERS	FT	PT
68161	A.U.B. EMPLOYEES'	Athens	\$1,098,318	250	0	2
60692	AGC	Kingsport	\$16,106,784	2,552	8	1
67989	AGILITY FINANCIAL	Memphis	\$9,740,420	1,210	3	0
67976	APPLIANCE	Cleveland	\$10,497,027	1,954	4	0
61932	ASSOCIATED EMPLOYEES'	Memphis	\$5,651,892	664	2	0
67738	BCBST EMPLOYEES'	Chattanooga	\$9,556,912	2,746	4	0
67970	BOWATER EMPLOYEES'	Calhoun	\$124,806,139	11,785	32	2
68513	BRADLEY INITIATIVE	Cleveland	\$2,371,062	1,298	1	1
68149	CEMC EMPLOYEES'	Clarksville	\$3,461,945	581	1	2
62537	CHATTANOOGA FEDERAL EMPLOYEES'	Chattanooga	\$36,647,593	2,871	8	0
67778	CITY EMPLOYEES' (KNOXVILLE)	Knoxville	\$59,781,699	8,204	20	2
68091	CITY EMPLOYEES' (CHATTANOOGA)	Chattanooga	\$8,751,404	2,729	5	0
60239	CITY OF MEMPHIS	Memphis	\$218,186,170	23,003	58	18
68167	COLLEGEDALE	Collegedale	\$32,346,344	5,339	16	3
60056	CONSUMER	Greeneville	\$241,800,521	34,440	50	14
68151	CO-OP EMPLOYEES'	LaVergne	\$2,986,228	911	1	0
67972	CORNERSTONE FINANCIAL CREDIT UNION FOR ROBERTSON	Nashville	\$212,410,432	26,950	94	0
67741	COUNTY	Springfield	\$34,702,366	5,262	20	9
67719	D.O.T.	Nashville	\$4,034,428	1,864	3	0
67937	DIXIE LINE	Nashville	\$6,576,433	1,168	4	0
68067	DREMCO	Shelbyville	\$1,952,494	492	0	2
67747	DUPONT COMMUNITY	Hixson	\$92,710,153	13,017	35	2
60726	DUPONT MEMPHIS PLANT EMPLOYEES'	Memphis	\$15,474,640	1,266	4	0
68078	DYERSBURG	Dyersburg	\$12,693,174	3,409	10	2
68095	EASTMAN	Kingsport	\$2,301,501,612	116,658	353	49
68148	ELECTRIC SERVICE	Nashville	\$49,918,230	3,254	14	1
67789	EMPLOYEE RESOURCES	Lawrenceburg	\$29,285,085	5,175	12	1
60505	EMPLOYEES'	Nashville	\$27,913,111	5,728	15	1
68074	EMPLOYMENT SECURITY	Nashville	\$12,413,831	1,686	4	0
60619	EPB EMPLOYEES'	Chattanooga	\$29,153,680	2,337	7	0
67185	FIRST CHOICE COMMUNITY	Knoxville	\$37,354,782	5,897	23	0
67777	FIRST COMMUNITY	Columbia	\$30,208,626	5,319	14	2
68138	FIRST KINGSFORT	Kingsport	\$23,207,796	3,226	9	1
68084	FIRST SOUTH	Bartlett	\$362,068,402	49,225	96	0
63868	GALLATIN STEAM PLANT	Gallatin	\$5,652,112	681	1	2
68171	GATEWAY	Clarksville	\$12,502,217	2,099	7	0
67701	GREATER EASTERN	Johnson City	\$45,117,598	4,056	15	1
68127	GREENEVILLE CITY EMPLOYEES'	Greeneville	\$7,153,779	1,078	2	1
68126	GREENEVILLE WORKS EMPLOYEES' S.A.	Greeneville	\$2,488,236	514	1	0
68097	HAPPY VALLEY	Elizabethton	\$29,791,053	4,478	12	0
68120	HARDIN COUNTY HOSPITAL EMPLOYEES'	Savannah	\$1,362,461	429	0	1
67736	HEALTH SYSTEMS	Knoxville	\$6,347,467	1,493	4	1
68173	HEALTHCARE SERVICES	Chattanooga	\$14,330,526	4,090	9	1
67748	HERITAGE SOUTH COMMUNITY	Shelbyville	\$146,604,797	19,581	53	6
68073	HOLLEY	Paris	\$33,451,726	5,234	13	1
68132	HOLSTON VALLEY	Kingsport	\$11,828,104	1,974	4	4

## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## TENNESSEE STATE-CHARTERED CREDIT UNION ASSETS

(As of June 30, 2010)

CHARTER NUMBER	CREDIT UNION NAME	CITY	ASSETS	MEMBERS	FT	PT
68144	HURD EMPLOYEES'	Greeneville	\$2,712,192	446	1	1
68069	ILLINOIS CENTRAL EMPLOYEES'	Memphis	\$8,520,821	1,691	3	0
67197	JACK DANIELS EMPLOYEES'	Lynchburg	\$16,103,478	1,379	5	0
60345	JOHNSONVILLE TVA EMPLOYEES'	Camden	\$70,238,022	8,459	24	2
60928	KIMBERLY CLARK	Memphis	\$93,395,121	10,489	22	2
68104	KINGSPORT PRESS	Kingsport	\$64,982,294	7,555	23	0
68098	KINGSTON TVA EMPLOYEES'	Harriman	\$2,050,682	612	1	1
67793	KNOX CO. EMPLOYEES'	Knoxville	\$7,966,726	1,916	4	2
67947	KNOXVILLE NEWS-SENTINEL EMPLOYEES'	Knoxville	\$8,302,840	734	3	0
67666	KNOXVILLE POST OFFICE	Knoxville	\$40,801,966	6,975	23	3
68085	KNOXVILLE TVA EMPLOYEES'	Knoxville	\$830,446,445	115,285	259	34
68070	L.M.P.C.O. EMPLOYEES' CREDIT ASSOC	Lexington	\$410,662	312	0	1
67713	LAKESIDE EMPLOYEES'	New Johnsonville	\$37,780,592	3,750	13	0
68164	LANGSTON BAG COMPANY EMPLOYEES' S.A.	Memphis	\$56,060	53	0	1
61185	LEADERS	Jackson	\$130,141,237	20,156	57	3
67689	LIFE (formerly Baptist Credit Union)	Nashville	\$22,339,794	4,228	13	1
68172	LIFEWAY	Nashville	\$41,932,877	4,483	9	0
60527	LOWLAND	Morristown	\$71,564,267	11,566	29	3
67979	M.P.D. COMMUNITY	Nashville	\$19,637,758	2,830	9	2
68077	MARYVILLE MUNICIPAL	Maryville	\$11,493,716	1,189	3	0
67917	MCKEE	Collegedale	\$11,839,404	4,750	7	0
67791	MCNAIRY COUNTY EMPLOYEES'	Adamsville	\$1,402,228	707	2	1
68096	MEDED	Crossville	\$12,038,841	2,139	7	0
61687	MEMBERS FIRST	Cleveland	\$5,270,160	1,060	3	0
63802	MEMORIAL	Chattanooga	\$8,291,254	2,620	6	1
60117	MEMPHIS AREA TEACHERS'	Memphis	\$531,756,586	50,174	104	41
68135	METROPOLITAN TEACHERS'	Nashville	\$3,151,735	940	0	5
68590	MID EAST TENNESSEE COMMUNITY	Decatur	\$3,607,306	884	3	2
67776	MOUNTAIN STATES	Johnson City	\$13,922,653	3,059	7	5
68100	N M H	Nashville	\$14,861,270	2,127	3	1
67990	N.G.H.	Nashville	\$8,203,543	3,093	6	1
60483	NASHVILLE FIREMEN'S	Nashville	\$17,500,965	2,004	5	0
67922	NASHVILLE POST OFFICE	Nashville	\$70,247,586	4,929	17	1
60645	NEW SOUTH	Knoxville	\$34,873,883	4,880	14	2
68075	NEWSPAPER AND PRINTERS	Nashville	\$1,477,435	366	1	1
67021	NORTHEAST COMMUNITY	Elizabethton	\$69,688,912	7,716	28	5
67946	O.M.C. EMPLOYEES'	Charleston	\$26,482,687	1,984	5	0
68106	OLAN MILLS S.A.	Chattanooga	\$4,477,409	724	2	1
67982	OLD HICKORY	Old Hickory	\$181,738,494	25,635	74	10
68165	OLIVET BAPTIST	Memphis	\$399,834	1,324	0	6
67779	P.I.A.S.	Nashville	\$5,311,036	2,008	3	0
68080	PARKRIDGE	Chattanooga	\$4,494,815	920	3	0
68124	PATHWAY	Cleveland	\$5,384,723	1,233	2	1
60082	PATRIOT EQUITY	Jackson	\$24,948,079	3,850	16	0
67997	PEOPLES CHOICE	Union City	\$16,474,800	3,441	10	1
67969	PORTER-CABLE EMPLOYEES'	Jackson	\$1,112,114	432	0	1
68065	POSTAL EMPLOYEES'	Memphis	\$21,541,755	4,211	13	0

## TENNESSEE STATE-CHARTERED CREDIT UNIONS

## TENNESSEE STATE-CHARTERED CREDIT UNION ASSETS

(As of June 30, 2010)

CHARTER NUMBER	CREDIT UNION NAME	CITY	ASSETS	MEMBERS	FT	PT
67948	RIVER CITY UNITED	Chattanooga	\$10,446,049	1,060	3	0
68092	ROHM AND HAAS EMPLOYEES'	Knoxville	\$15,238,300	555	0	3
67755	SMITH & NEPHEW EMPLOYEES'	Memphis	\$9,539,705	1,491	4	0
68599	SOUTHEAST FINANCIAL	Franklin	\$412,107,657	60,806	158	5
66980	SOUTHERN	Chattanooga	\$20,124,726	3,102	10	0
68071	ST. THOMAS HOSPITAL EMPLOYEES'	Nashville	\$17,093,297	2,996	8	2
67971	TENNESSEE DEPARTMENT OF SAFETY	Nashville	\$7,811,528	1,517	2	0
68101	TENNESSEE EMPLOYEES'	Nashville	\$16,505,887	3,160	5	1
66886	THE TENNESSEE CREDIT UNION	Nashville	\$229,577,117	23,947	86	14
68093	TIMES FREE PRESS	Chattanooga	\$2,506,374	451	1	0
68145	U. S. T. C. EMPLOYEES'	Nashville	\$1,768,857	326	0	1
67608	UPS EMPLOYEES'	Memphis	\$12,703,800	2,638	5	0
67720	US COMMUNITY	Nashville	\$133,784,243	21,996	71	11
68119	VANDERBILT UNIVERSITY EMPLOYEES'	Nashville	\$22,645,380	6,600	7	1
68153	WCG EMPLOYEES	Martin	\$893,064	306	0	2
67757	WILLIS	Nashville	\$12,459,826	2,642	5	0
	<b>TOTAL</b>		<b>\$7,890,582,676</b>	<b>873,088</b>	<b>2258</b>	<b>315</b>

PT-Part Time

FT-Full Time

S.A.\* = Savings Association

## CONSUMER RESOURCES DIVISION

### HEADQUARTERS PERSONNEL-NASHVILLE

Alan Smith, Assistant Commissioner  
Alicia Gay, Consumer Resources Specialist  
Diedre Nation, Consumer Resources Specialist

**T**he Consumer Resources Division handles and tracks consumer complaints, fosters community outreach and encourages financial literacy in Tennessee.

Since its creation in 2004, the Consumer Resources Division has obtained refunds of more than \$330,000 or nearly \$47,000 per year from consumer complaints.

### CONSUMER PROTECTION

The division's key responsibility is to receive and process consumer complaints. The Department of Financial Institutions is the only state agency that has statutory jurisdiction to handle consumer concerns and complaints involving financial institutions operating under the various laws the Department administers in the state of Tennessee. The Consumer Resources Division processes all complaints related to financial institutions that are chartered and licensed by the Department. If the Department receives information that does not fall within the Department's jurisdiction, those inquiries or complaints are forwarded to the appropriate agency and the consumer is advised accordingly.

The division's routine practice is to submit the consumer's written complaint to the financial institution for response. Within its jurisdiction, the division serves as a medium between the consumer (complainant) and the institution (respondent) against which the complaint is filed.

The division processed a total of 515 formally filed consumer complaints throughout calendar year 2010. These were received from 70 of the state's 95 counties. The division's assistance in these complaints led to consumer refunds totaling \$125,585.04.

The majority (63%) of the consumer complaints came from the state's four largest metropolitan areas and surrounding counties. Out of this total, Nashville-Davidson County and surrounding counties provided 159, or 30.9% of all consumer complaints received in 2010.

The division received 27 scam-related complaints. These ranged from advance fee loan scams (7) to lottery-winnings scams (3). Additionally, the Division continued to receive a number of complaints on foreclosure rescue scams (13), and losses to consumers that became involved in these scams were \$1,899 on average.

In 2010, the Division learned of one reported company, that claimed to have been located in the state and offering consumer loans. First Liberty Financial Corporation (aka 1<sup>st</sup> Liberty Financial Corporation) was identified as not being located in Tennessee, nor were they a licensed company with the Department. A Consumer Alert was issued on First Liberty Financial Corporation since they were an advance fee loan scam operation where consumers were being required to send up-front payments to individuals in Canada for "security collateral payments", or for an insurance premium for a policy that was supposed to be collateralizing the loan requested. In all of the reported cases that were brought to our attention, the consumers never received the loan they applied to receive.

## CONSUMER RESOURCES DIVISION

### CONSUMER EDUCATION

A key strategy in helping protect consumers is to develop and coordinate educational resources that can assist consumers in making informed financial decisions. Education is a powerful financial literacy tool. Consumers who understand their rights and responsibilities are better equipped to make sound financial decisions. The staff essentially provides one-on-one personal financial education, such as statutory information as well as links and contacts to other resources, on a daily basis through phone calls, letters and e-mail correspondence with consumers.

One of the goals of the division is to ensure that all Tennesseans have access to financial literacy programs that will help them make more sound money management decisions. Throughout calendar year 2010, the division continued its partnership with Tennessee Jumpstart, A Coalition for Personal Financial Literacy. Through this partnership, financial literacy presentations were given at the 2010 Jumpstart Annual Personal Financial Education Teacher's Conference and at the Tennessee Career and Technical Education Conference. Additionally, a member of the division participated in the LifeSmarts state competition conducted through UT Extension Services.

### CONSUMER COMPLAINTS BY INDUSTRY

INDUSTRY	TOTAL
Bank*	207
Check Casher	3
Credit Union	21
Default**	63
Deferred Presentment	11
Industrial Loan and Thrift (TILT)***	33
Money Transmitter	4
Mortgage	145
Mortgage Loan Originator	1
Premium Finance	0
Title Pledge	27
<b>TOTAL COMPLAINTS</b>	<b>515</b>

Calendar year ending December 31, 2010

\*Bank and credit union data includes federally-chartered, other state-chartered and Tennessee state- chartered institutions.

\*\*DEFAULT category contains complaints against financial institutions and/or companies that were not subject to the Department's regulation and the complaint was referred to the correct agency holding jurisdiction or regulatory authority.

\*\*\*Tennessee Industrial Loan and Thrift Companies

### TOP TEN CONSUMER COMPLAINT ALLEGATIONS

RANK	ALLEGATION	#
1	Customer Service Issues	84
2	Foreclosure Issues	48
3	Modification/Deferral Issues	45
4	Account Fee Issue	31
5	Payment/Payment History Disputes	16
6	Application Processing Issues	15
7	Modification Scams	13
8	NSF Fees	13
9	Fair Debt Collection Practices Act Violations	9
10	Advance Fee Scams	7

## CONSUMER RESOURCES DIVISION

County	Total Complaints	Percent %	County	Total Complaints	Percent %
Out of State	62	12.0%	LAKE	0	0.0%
ANDERSON	8	1.6%	LAUDERDALE	4	0.8%
BEDFORD	1	0.2%	LAWRENCE	3	0.6%
BENTON	0	0.0%	LEWIS	2	0.4%
BLEDSON	1	0.2%	LINCOLN	2	0.4%
BLOUNT	14	2.7%	LOUDON	1	0.2%
BRADLEY	6	1.2%	MCMINN	3	0.6%
CAMPBELL	1	0.2%	MCNAIRY	0	0.0%
CANNON	2	0.4%	MACON	1	0.2%
CARROLL	2	0.4%	MADISON	6	1.2%
CARTER	2	0.4%	MARION	1	0.2%
CHEATHAM	5	1.0%	MARSHALL	3	0.6%
CHESTER	0	0.0%	MAURY	15	2.9%
CLAIBORNE	5	1.0%	MEIGS	0	0.0%
CLAY	0	0.0%	MONROE	0	0.0%
COCKE	4	0.8%	MONTGOMERY	9	1.7%
COFFEE	0	0.0%	MOORE	0	0.0%
CROCKETT	1	0.2%	MORGAN	2	0.4%
CUMBERLAND	3	0.6%	OBION	3	0.6%
DAVIDSON	67	13.0%	OVERTON	0	0.0%
DECATUR	0	0.0%	PERRY	0	0.0%
DEKALB	0	0.0%	PICKETT	0	0.0%
DICKSON	2	0.4%	POLK	3	0.6%
DYER	0	0.0%	PUTNAM	5	1.0%
FAYETTE	1	0.2%	RHEA	3	0.6%
FENTRESS	1	0.2%	ROANE	1	0.2%
FRANKLIN	1	0.2%	ROBERTSON	3	0.6%
GIBSON	2	0.4%	RUTHERFORD	24	4.7%
GILES	0	0.0%	SCOTT	0	0.0%
GRAINGER	0	0.0%	SEQUATCHIE	2	0.4%
GREENE	3	0.6%	SEVIER	7	1.4%
GRUNDY	5	1.0%	SHELBY	63	12.2%
HAMBLEN	3	0.6%	SMITH	1	0.2%
HAMILTON	22	4.3%	STEWART	0	0.0%
HANCOCK	0	0.0%	SULLIVAN	7	1.4%
HARDEMAN	1	0.2%	SUMNER	12	2.3%
HARDIN	0	0.0%	TIPTON	4	0.8%
HAWKINS	1	0.2%	TROUSDALE	1	0.2%
HAYWOOD	0	0.0%	UNICOI	3	0.6%
HENDERSON	3	0.6%	UNION	0	0.0%
HENRY	1	0.2%	VAN BUREN	0	0.0%
HICKMAN	3	0.6%	WARREN	3	0.6%
HOUSTON	1	0.2%	WASHINGTON	11	2.1%
HUMPHREYS	3	0.6%	WAYNE	1	0.2%
JACKSON	0	0.0%	WEAKLEY	1	0.2%
JEFFERSON	4	0.8%	WHITE	6	1.2%
JOHNSON	1	0.2%	WILLIAMSON	24	4.7%
KNOX	24	4.7%	WILSON	9	1.7%
			<b>TOTAL</b>	<b>515</b>	<b>100.0%</b>